Austria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 8.00
Belgium	BFr 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pts 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	£1 0.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 39	Switzerland	SFr 2.30
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 8.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 8.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,658 Tuesday June 25 1985 D 8523 B

Holes in the air travel safety net, Page 17

World news

Urgent tax action opposed by Dole

U.S. Senate majority leader Robert Dole opposed urgent action on President Ronald Reagan's tax reform proposal saying that he doubts a tax bill can be passed this year.

His comments came amid growing unease about the impact of the debate over tax policy on efforts underway in Congress to resolve the impasse over cutting the federal budget deficit. Page 6

Hindu, Moslem battle

Moslems and Hindus fought running street battles with stones, acid-filled light bulbs, and flaming rags in Ahmedebad, killing four people and injuring more than 20, despite Prime Minister Rajiv Gandhi's drive to restore order in Gujarat state.

Afghan rebel attack

Afghan rebels have seized nine security posts and captured about 45 government troops in attacks along the Panjsher valley north of Kabul, the Jamiat-i-Islami guerrilla group said.

S. Africa lifts ban

South African whites and other races will be allowed to travel together on trains from September for the first time in 75 years.

Truce broken

Tamil separatist guerrillas stormed a hospital in the north-west Mannar district and fought a gunbattle with troops, shattering a week-long truce in Sri Lanka.

1m marooned

More than 1m people, many marooned on narrow river dykes, battled to survive Bangladesh's latest flood disaster. Troops and police have rescued about 20,000 families since monsoon floods surged through areas.

Fisherman shot

A Spanish fisherman was shot dead in the northern port of Lequeitio in what appeared to be an attack by Basque separatist gunmen.

French talks halt

French unions and employers federations unexpectedly broke off negotiations on new redundancy and retraining contracts. Page 2

UK bomb arrests

Five people have been arrested in the UK in connection with last year's attempt to blow up Prime Minister Margaret Thatcher in Brighton and a bomb defused on Sunday in a hotel near Buckingham Palace, London.

U.S. walk-out

A senior U.S. embassy official walked out of a Moscow meeting commemorating the foundation of the United Nations, accusing Soviet officials of making "gratuitously offensive" remarks about the U.S.

Wimbledon lightning

Lightning struck the Centre Court buildings at Wimbledon and six half-pound pieces of masonry fell without hurting anyone. Rain held up play for several hours and most of the first day's tennis was postponed.

Discovery returns

U.S. space shuttle Discovery, with a crew of seven including a Saudi Arabian prince, landed safely in the Mojave desert after a "nearly perfect" week's mission.

Greens want pigs

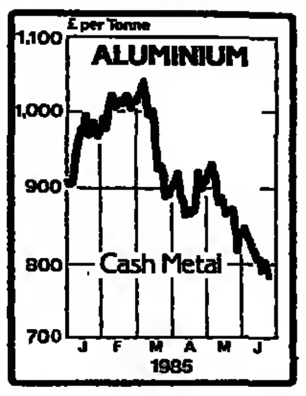
West Germany's radical ecological Greens party called for the police to use pigs as "sniffer dogs" instead of Alsatian hounds because pigs would not attack demonstrators.

Business summary

Yamaha Motor returns to profit

YAMAHA MOTOR, the world second largest motorcycle manufacturer boosted pre-tax profits to Y6.13bn ($24.6m) in the year from a Y19.4bn pre-tax loss previously. Page 21

WALL STREET: At 2pm the Dow Jones industrial average, was 11.64 lower at 1,312.84. Page 38



ALUMINIUM PRICES in London dropped to the lowest level since February 1983 following a big rise in warehouse stocks which took the market by surprise. The cash price fell by £11.25 to £783.75. Page 30

DOLLAR was higher in London, rising to DM 3.0705 (DM 3.0645), FFr 9.3525 (FFr 9.435), SwFr 2.565 (SwFr 2.5625) and Y248.8 (Y248.1). The dollar's exchange index calculated on Bank of England figures was lower however at 145.0 from 145.1. Page 31

STERLING lost 10 points against the dollar in London to close at $1.2865. It improved however to DM 3.95 (DM 3.945), FFr 12.045 (FFr 12.035) and Y320.25 (Y319.5), while holding steady at SwFr 3.3025. The pound's exchange rate index rose 0.3 to 80.3. Page 31

GOLD rose $0.25 on the London bullion market to $315.00. It rose $1.25 in Zurich, also to $315.00. Page 30

TOKYO stocks advanced on thin trading The Nikkei-Dow market average hit 12,870.51, an all-time high, early in the session but eased to close up 36.31 at 12,765.93. Page 38

LONDON issues struggled to hold gains from an early mark-up. Conventional gilts eased but index-linked showed some improvement. The FT Ordinary share index ended 2.0 higher at 965.2. Page 38

SINGAPORE International Airlines, the state-controlled airline, increased profits by 21 per cent in the year to March to S$84m ($38.1m) from S$69m previously. Page 21

AUSSAT, the government company handling the launch and operation of Australia's national communications satellite system, signed a A$390m ($260m) long-term financing facility with a group of banks lead-managed by Commonwealth Bank of Australia. Page 21

FIAT, the Italian motor manufacturer, has halted truck manufacturing in Brazil at its last truck plant in Latin America, after five successive years of heavy losses and total investments estimated at $450m. Page 19

TRADING in a Japanese stock index futures contract, based on the Nikkei Dow average of 225 shares, will begin in Singapore by the second quarter of 1986. Page 21

OPEL, West German subsidiary of General Motors of the U.S., returned to profitability in the first five months of this year after record losses of DM 695.1m ($225m) last year. Page 19

UNITED Technologies, the seventh largest U.S. manufacturing group, joined the rapidly-growing list of companies predicting a substantial earnings setback from the current slump in computer and semiconductor sales. Page 19

AT&T, the U.S. telecommunications group, unveiled more than 70 new products which will expand its existing line of computer equipment. Page 19

Probe into Air India disaster focuses on Sikhs

INVESTIGATIONS into the mysterious crash of the Air India Boeing jumbo jet were focusing yesterday on the possibility that a terrorist bomb had been planted on board by Sikh extremists, write John Elliott in New Delhi and Bernard Simon in Toronto.

Although leaders of the Sikh communities in both Canada and the U.S. have disclaimed any responsibility, a caller to a New York newspaper claimed on Sunday that a bomb had been put on the Boeing, which carried 329 passengers and crew, by the All India Sikh Students Federation.

Another anonymous caller, this time to the Canadian Broadcasting Corporation, said that sabotage had been carried out by the Kashmir Liberation Army which is fighting for independence for the Northern Indian state of Kashmir.

Authorities in both North America and India appear to be taking the Sikh claim most seriously. Mr Rajiv Gandhi, the Indian Prime Minister, yesterday instructed the governor of the Punjab, the Sikhs' home state for which extremists are demanding independence, to step up security precautions.

At the same time, security at India's domestic airports has been tightened and diplomatic missions abroad have been asked to ensure strict security checks on all Air India flights.

The Royal Canadian Mounted Police refused yesterday to comment on a Toronto Globe and Mail report that two Sikh extremists were being sought who had been suspected of involvement in an alleged plot to assassinate Mr Gandhi during his recent visit to the U.S.

According to the report, one of the Sikh fugitives flew to Toronto last Saturday before the departure of the Air India flight. The other man reportedly had a ticket for the Canadian Pacific Air flight from Vancouver to Tokyo which carried a bomb in its cargo hold. This bomb exploded later on Saturday at Tokyo's Narita airport, killing two baggage handlers. Japanese police said yesterday that they had not uncovered any clues to explain why the bomb had been planted.

Security arrangements at Toronto International Airport where the Air India flight originated, have emerged as a key factor in the investigation of the crash.

A Canadian Government official confirmed yesterday that an X-ray machine used to screen hold luggage on the Air India flight broke down after only three quarters of the suitcases on last Saturday's flight had been inspected. The rest were checked by hand scanners.

In addition, some of the extra security precautions requested several months ago by Air India were applied on Montreal Flight 182's last stop, but apparently not in Toronto. These measures included a double check of passengers' hand luggage.

Toronto is Canada's busiest airport. The Government has implemented tighter security measures on all overseas flights to and from Canada, including a 24-hour delay of cargo shipments, and installation of extra security equipment.

Official investigators are still cautious about blaming the crash on a bomb but rescue workers have claimed that the condition of many of the 131 bodies recovered – some with mutilations and severe burns – suggests that they were subjected to some kind of blast.

Capt D. Bose, managing director of Air India, said yesterday: "No other reason comes to mind except that of an explosion" for the crash.

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Background, Page 4; Editorial comment, Page 16; Holes in safety net, Page 17

Cossiga elected Italy's next President

By James Buxton in Rome

THE NEXT President of Italy is to be Sig Francesco Cossiga. The senior Christian Democrat politician was elected to the seven-year term of office on a first ballot – the first time such a thing has happened in presidential elections since 1946.

Sig Cossiga, 56, who is President of the Senate, the upper house of parliament, won 752 votes out of a possible 977. He therefore comfortably qualified with the two-thirds majority required for a President to be elected in the first three ballots.

He will succeed President Sandro Pertini, 88, the Socialist head of state, on July 9.

Yesterday's election by both houses of parliament and representatives of the 20 regions marks the return to the Christian Democrat Party of the most senior position in Italy. The post has traditionally alternated between the Christian Democrats and the other parties of the centre-left.

However, the naming of the new president should not substantially change the situation for Sig Bettino Craxi, the Socialist Prime Minister. It is likely that he will formally resign when Sig Cossiga takes over the presidency but will then be asked to form a new government.

The election of Sig Cossiga, a warm and well-respected Sardinian who spent the weekend before the election in retreat in a convent in Rome, is a considerable triumph for Sig Ciriaco De Mita, the Christian Democrat leader.

Italy's first President of the Republic, Enrico de Nicola, is the only other to have been elected on a single ballot – in 1946. All other presidents have been elected after the first three ballots (when the requirement drops to an absolute majority of the votes).

Sig De Mita avoided that unedifying spectacle by carrying out elaborate soundings of the parties, including the Communists. The result was that Christian Democrat candidates who were unacceptable to either the Communists or the Socialists were eliminated in the soundings instead of in the voting which took less than two hours.

Sig De Mita also managed to get the support for Sig Cossiga of 94 per cent of the usually faction-ridden Christian Democrat Party in a secret ballot on Sunday night. Once it became clear that Sig Cossiga was almost certainly the winner, it was in the other parties' interests to follow the voting.

The way was finally cleared for a Christian Democrat President when Sig Pertini said last week that he was not a candidate.

Profile, Page 18

EEC summit will consider joint drive on high-tech

BY QUENTIN PEEL IN BRUSSELS

THE European Commission yesterday launched an initiative to create a European Technology Community to co-ordinate the research and development efforts of the 10 EEC member states.

If EEC leaders accept the Commission's plan at their summit meeting in Milan this week, European efforts to match the advance of high technology in the U.S. and Japan – including Washington's strategic defence initiative (SDI) – would be brought under a Community umbrella.

The aim would be to co-ordinate advances in high technology research with EEC policies for a barrier-free internal market, increased competition, open public procurement, common industrial standards and external trade, to provide the most favourable possible climate.

The plan would involve research over 10 broad areas, including lasers and optics, information technology and telecommunications, bio-technology, new materials, space research and new generations of transport.

It would seek to triple the proportion of EEC budget money going to development of high technology over the next five years.

The Commission proposals were outlined yesterday by Herr Karl-Heinz Narjes, the Commissioner responsible for industry and research, before being submitted to the Milan summit.

He said the current EEC research budget of some Ecu 570m ($415m), amounting to just 2 per cent of the total Community budget, would have to be increased to between 6 and 8 per cent over the next five years to meet the Commission's target.

The Technology Community should provide a "qualitative leap forward" in research and development in those areas where the U.S. and Japan were threatening to open up a technological gap over the EEC, he said.

Herr Narjes declined to spell out the institutional proposals being worked out by the Commission to incorporate its plans into the present 10-nation Community structures.

M Jacques Delors, the Commission president, has said he is ready to present EEC Heads of Government with a special treaty if they wish. This would establish the technology community in a similar way to Euratom, the Atomic Energy Community, alongside the Economic Community (EEC) and the Coal and Steel Community (ECSC).

"We need first to see the lie of the land and then to decide whether we are going to have a fourth Community, or work within the present situation," Herr Narjes said yesterday.

Details, Page 3

Matra in Eureka pact with Norsk Data

By Paul Betts in Paris

FRANCE'S Eureka project for European collaboration in high technology has been formally launched with an agreement between Matra, the French state-controlled defence and electronics group, and Norsk Data of Norway, to co-operate in the development of a high performance scientific computer.

The agreement is the first to be made under the Eureka umbrella. A second collaboration agreement is expected to be announced to coincide with the European summit in Milan at the end of this week, involving the French state-owned Bull computer group and Siemens of West Germany.

This second agreement will centre on joint development of large computers. France is also pressing Siemens to collaborate with Thomson in the semiconductor field but so far the West Germans have shown reticence in co-operating in this sector with the French group.

The French Government is promoting further collaboration accords between French and other European groups in high technology fields, including lasers and communications. The importance France is placing on its Eureka initiative was underlined by the presence of M Hubert Curien, the French Research Minister, for the signing of the agreement between Matra and Norsk Data. The two companies are already co-operating in the scientific microprocessor sector. The new project involves a three-year collaboration on larger scientific computers.

In another significant development for European electronics, Digital Equipment, the second largest

Continued on Page 18

Berri demands withdrawal of U.S. warships

BY TONY WALKER IN BEIRUT AND DAVID LENNON IN TEL AVIV

MR Nabih Berri, leader of the Shia Amal militia, yesterday demanded that U.S. warships should withdraw from Lebanese territorial waters before he would contemplate releasing the 40 or so Americans seized from the hijacked TWA airliner.

He issued this additional condition shortly after Israel had freed 31 of more than 700 south Lebanese detainees it is holding. The prisoners were driven in an convoy from the Atlit prison near Haifa to a coastal border post where they were handed over to staff of the International Committee of the Red Cross.

Mr Berri, who has accepted responsibility for the safety of the American hostages, said the proximity of the U.S. fleet to the Lebanese coast had forced him to insist on this new demand. At the weekend he warned the U.S. against attempting a rescue mission to free the hostages.

The Pentagon in Washington denied that U.S. warships were in Lebanese waters, but added that the U.S. only recognised a three-mile international limit.

The U.S. fleet consists of the aircraft carrier Nimitz, escort vessels, and the 24th Amphibious Marine Unit aboard three assault ships.

The Israeli army, in an official announcement on the release of the 31 men, said that "some were freed following completion of their interrogation by the security forces, while others were released by decision of the appeals board." It added that further prisoners would be released "in accordance with the security situation in southern Lebanon."

According to the army, 246 of the 1,200 Lebanese originally transferred to Israel appealed against their detention to the special judicial board headed by a civilian judge. Some 230 of the appeals had been rejected. However, seven had been granted and freed previously. The remaining nine were among those released yesterday.

Israel is still holding 735 Lebanese from those transferred at the beginning of April. They include 545 Shia, 147 Palestinians and 43 who are Druze, Christian or Sunni Moslem.

Israeli army officers said yesterday that the release of the 31 was considered a test case to see if it was possible to break the deadlock over the American hostages and to assess the extent to which Mr Berri was in control of the situation in Beirut.

But Mr Berri repeated yesterday that he would not release any of the hostages until Israel frees all remaining detainees. Col Akef Haifar, his key military aide, said: "For us there is one step only. The Israelis have to release everybody. It is good to release some prisoners but there are 766, not 31. For us the problem will be solved when the last man arrives here, and not before."

Col Haifar added: "It is a pity that we have to talk about details like this while 40 Americans are waiting to return home and we have 700 people suffering over there."

On their arrival at the southern Lebanese port of Tyre, the 31 freed from Israel chanted "Allah is great" and "Beware, enemies, we are com-

Continued on Page 18

Acorn Computer seeks second refinancing in four months

BY JASON CRISP IN LONDON

ACORN COMPUTER of the UK is seeking its second refinancing in just four months. The move was announced by Close Brothers, Acorn's financial advisers, and is likely to cause problems for Olivetti, the Italian office products group, which bought a 49 per cent stake in February as part of the first rescue package.

Close Brothers said yesterday: "The market for home and small personal computers has become even more difficult and a further very substantial decline has occurred in sales from the levels generally predicted earlier this year. This has led to a significant deterioration in the financial position of Acorn."

Last year Olivetti made a net profit of L356bn ($182m) on a turnover of L4,576bn.

Acorn is to hold discussions on new proposals for its future financing with its leading creditors later this week. The company also requested a suspension in dealings in its shares which are quoted on the Unlisted Securities Market. The suspension price of 11p compares with a high this year of 49½p.

Olivetti is expected to face strong pressure to step in and rescue the company. Creditors, including AB Electronics, Race Electronics, BSR and Wong's Electronics are unlikely to want to help Acorn a second time. Last night Olivetti refused to comment on Acorn's problems. Earlier this month the Italian group appointed Mr Alex Uboldi, a senior director, to head Acorn as it became increasingly clear that the British company still faced major problems.

One leading retailer said yesterday that sales of home computers in the UK were running at one third the level of last year. Last week Sinclair Research, the other leading British home computer group, was rescued by Mr Robert Maxwell, the publishing magnate.

In Acorn's initial rescue earlier this year, Olivetti paid £10.4m ($13.2m) for a 49.3 per cent stake in the company, once valued at over £200m. The rescue was effected through a rights issue which raised £11.5m. At the same time Barclays Bank agreed to increase Acorn's borrowing facilties by £6m to £14m and the company's main creditors agreed to accept payment in instalments.

Since then Acorn's trading position has deteriorated much more than was anticipated, putting further pressure on its cash flow. The company also ran up against its borrowing limit.

Some retailers report Acorn's cheapest computer, the Electron, is still selling reasonably after a sharp price cut in January.

Olivetti, Italy's leading office automation company, yesterday announced a 51.3 per cent increase in parent company revenues in the first five months of this year, to L1,198.5bn ($608m).

At the consolidated group level the first five months of 1985 showed a 33 per cent rise in turnover to L1,971.9bn. Details, Page 18.

Lex, Page 18; United Technologies sees profits slump, Page 19

CONTENTS

EUROPEAN NEWS

David Housego in Paris reports on the bitter family squabble between Fabius and Jospin

French socialists battle for the soul of the party

THE QUARREL that has split the French Socialist movement is more than an issue of either personal ambitions or doctrinal squabbles. It is a fundamental conflict over the future shape of the Socialist party. It is also over the strategic choices it faces after next March's parliamentary elections when it could no longer have a majority in the National Assembly.

As such it is also a battle over the succession to President Mitterrand as the ultimate leader of the party and the legacy he leaves.

President Mitterrand has bestowed on the party two widely divergent traditions. He was the author of the merger in 1871 of the Marxist and Christian wings in French socialism which produced the existing party. He also forged the strategy of union with the Communists that gave the left its victory in the Presidential elections in 1981.

But M Mitterrand was also the architect of the U-turn in Socialist policy in 1983 which brought about the collapse of the union of the left and the departure of the Communists. M Laurent Fabius, his Prime Minister since July last year, believes that French society has changed and the party must change with it. His approach is to blur the differences between left and right and to focus on consensus policies capable of giving M Mitterrand (or his successor) the best chance of re-election in the Presidential campaign of 1988. He characteristically marches under the non-ideological banner of "*moderniser et rassembler*" (modernising and gathering together).

It is these two elements of President Mitterrand — the Jekyll and Hyde contrasts in his character between the opportunistic politician of the Fourth Republic who easily crossed the political barriers between left and right, and the visionary founder of the Socialist movement—who are now struggling for control of the party. The conflict is a highly damaging one in that until now the Socialists' best hope of doing well in the March elections has been to emphasise the divisions among its opponents.

It makes no sense to M Fabius, who, inheriting the opportunistic side to M Mitterrand's character sees the dispute as "artificial" and "inopportune." But to M Lionel Jospin who inherited M Mitterrand's mantle as First Secretary of the Party, and to the party militants, it touches the core of the Socialist beliefs for which they have been battling for over 15 years.

As in all serious family quarrels, the participants have been keen to keep their dirty linen out of public view. There are thus few clues to the detailed positions taken up on either side. One of the few are the statements that the major groups within the party have prepared in advance of the party Congress at Toulouse in October.

M Jospin—looking to safeguard socialist principles

M Fabius—searching for a consensus

M Jospin's statement as head of the party is that of a man who believes it must adapt to changing circumstances but safeguard its fundamental principles. He puts himself firmly in the context of Europe's Socialist (or social democrat movements) and of policies that appeal to the left. The fundamental question he puts it: "How can we be 'Socialists in government' without giving up our true socialist identity?"

His answer in part is that Socialism must remain "a struggle against economic exploitation and the excesses of private property." It must defend the "emancipation of the working (class) movement, social justice, collective rights, international solidarity. . . ."

For M Jospin the door must remain open to the Communists. "We must be able to say to Communist militants and electors: we have abandoned none of our commitments and our choices."

By contrast, M. Fabius has published no preparatory statement for the Congress. But a number of his friends in different groups in the party drew up one with which his name is closely associated and which much angered M. Jospin.

It provides a platform with which "liberals" on the centre-right would have little to quarrel.

It warns the party against "seeking comfort in the good old values of the past." Instead it urges it to take account of the diversity of French society, widening its base through "a blurring of ideology" and a refusal "to fall back on dogma as a form of self protection."

In economic policy, the statement says, that the logic of international competition emphasises the need for gains in productivity and for the increased profitability of capital. Its authors believe that in some circumstances wage costs must fall and wage levels be more closely adjusted to the value of what is produced.

They are in favour of some denationalisation ("a lessening of the state's holding in some companies without necessarily a loss of control") and of the Socialists formally abandoning the doctrine of "a rupture with capitalism" on which the nationalisations of 1981 were based.

For M Fabius's friends, the priority is to provide M Mitterrand (or his successor) with the best chances of winning the Presidential election in 1988. With that goal in mind, the party should draw up a "contract of government" that would be the basis of both its campaign next year and in 1988.

The formal position now is that the party executive will decide on the dispute at its meeting on July 6. It is difficult to believe, however, that M Mitterrand will want the conflict to rumble on to then.

M Jospin's weak point in the quarrel is that the party cannot be seen to disown the Prime Minister—least of all one who is much more popular than the First Secretary.

M Fabius has already let it be known that he has no intention of appearing before the executive as though a plaintiff under prosecution.

The Prime Minister's weak point is that he needs the support of the party both in the election campaign and to give substance to his own future ambitions on the Presidency. It is clear from the other statements published in an advance of the Congress that there is deep resentment among the rank and file to M. Fabius' plans for a "Republican Front."

Unless the party takes the improbable course of pursuing collective suicide, some compromise seems likely. Neither M Mitterrand nor the party can allow M. Fabius to lose without considerably weakening the authority over the government. But he is likely to find that his wings have been clipped.

French redundancy negotiations fail and dispute widens

BY DAVID HOUSEGO IN PARIS

FRENCH UNIONS and employers federations unexpectedly broke off negotiations yesterday on new redundancy and retraining contracts.

The aim of the talks had been to combine more flexibility for employers over declaring redundancies in return for providing retraining schemes for those losing jobs because of industrial restructuring. Both sides however yesterday toughened their positions in the expectation that the dispute will become an issue during the campaign for parliamentary elections in March.

The employers now expect a right wing government to pass legislation to make redundancies more easy. The unions fear that giving companies more freedom over redundancies will be part of a wider programme of "labour flexibility" that the right will seek to impose after March, and are thus determined to hold their ground early on.

M Jean-Louis Mandinaud of the blue collar workers CGC union accused the employers of waiting until March "to take major decisions" affecting jobs.

Among the union conditions was a demand that the regulations requiring state approval for all redundancies should be maintained. France is virtually the only country in Europe to have such regulations.

The breakdown in the talks brings to an end what had promised to be a fruitful round of negotiations between the two sides of industry over retraining, work practices and working hours. Employers and unions had agreed in December on several changes but these were ultimately rejected by the unions' rank and file.

The new negotiations opened against a background of the unions seeking a settlement of the redundancy issue before the March elections.

Comecon to grapple with growth plans at summit

BY LESLIE COLITT IN BERLIN

COMECON'S SUMMIT meeting of Government leaders, which opens today in Warsaw, is the last before the ten member countries of the Soviet-led Council for Mutual Economic Assistance launch their new five-year plans next January.

The five-year plans, now drawing to a close, have been less than successful for nearly all members. Only East Germany and Bulgaria have even come close to meeting their original economic growth and productivity targets.

The Prime Ministers and Mr Vyatcheslav Sitshov, the Comecon's Soviet Secretary, will approve measures worked out to co-ordinate their plans for the forthcoming 1986-1990 period. They will also agree on a "comprehensive programme for scientific and technical progress" up to the end of this century.

The aim is to reduce Comecon's growing reliance on Western technology. East European economic officials concede, however, that, despite new technology programmes and committees, their countries will remain dependent on the West in this vital area. This reliance has led to increasing friction between Moscow and its East European partners. At Comecon's summit meeting of party leaders last June in Moscow, the member states agreed that in order to get Soviet raw materials and energy they would provide Moscow with the "products it needs," including machines and equipment of high quality and a "world technical level."

The East Europeans say this means more East European products will have to be based on Western licences, or include Western components bought for hard currency. The result will be more costly exports to the Soviet Union while at the same time Comecon's present pricing system and the over-valued rouble-to-dollar exchange rate assure that the East Europeans are under-rewarded for their expenditures.

Greek shipyard drops sale condition price

BY ANDRIANA IERODIACONOU IN ATHENS

THE MANAGEMENT of Hellenic Shipyards, the ailing yard owned by the Greek shipping magnate, Mr Stavros Niarchos, which closed down in April because of high losses and labour problems, has dropped a demand that the Greek Government must first agree to a proposed sale price of $14m, before purchase negotiations can go on.

Bargaining for the possible sale of the yard to the Greek state was suspended just before the June 2 general elections, with Hellenic Shipyards warning that the negotiations were off unless the Government agreed to the proposed price.

Talks were resumed last Friday and are continuing this week. According to the company, the two sides have agreed to leave settling the price until the end, with indications that negotiation downward is possible.

The state-run Hellenic Industrial Development Bank (ETVA), which is leading the negotiations for the Government, said in April that it considered $14m too high. The bank reportedly questioned the financial picture painted by the Hellenic Shipyard management, according to which the yard's net worth is $100m while long-term debts total $20m, of which about 60 per cent is in foreign currency.

The Socialist Government is under strong pressure to buy the yard, one of Greece's single largest industrial employers, the closure of which will mean the loss of 4,800 jobs. However, the state already has more than 30 indebted industries on its hands and is loath to pay too much money to add another to the list. Hellenic Shipyards lost $42m in the past three years.

● The Government was set to face a constitutionally prescribed vote of confidence in parliament yesterday, sealing the start of a second four-year term in office.

The Socialists swept the general elections on June 2 with approximately 46 per cent of the vote against about 41 per cent for the conservative opposition.

The confidence vote, which was scheduled to be held at the conclusion of three days of debate in parliament on the Government's policy programme, was expected to be something of a formality.

The Socialists hold 161 seats in the 300-member house, a comfortable margin over the absolute majority of 151 votes required to carry the confidence vote.

Polish team set to hold final talks with creditors

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH NEGOTIATORS have gone to Paris for a final set of talks with Warsaw's main Western Government creditors before signing an agreement rescheduling $12bn (£9.4bn) worth of capital and interest which fell due between 1982 and 1984.

Polish officials have already publicly said that they expect to be signing the agreement around the end of this month and in Paris the Polish team is looking for pledges of fresh Western Government credits.

The 17 Western creditor countries grouped in the Paris Club have said the issue of fresh credits can only be considered once the agreement, initialled last January, is signed.

Should the West stick strictly to this position in this week's talks the Poles have said they want their creditors to formally recognise that Warsaw will not be able to fulfil the terms of the agreement unless fresh credits are made available.

Poland is looking to the West for credits worth $1bn this year to cover the payments gap once the agreement is signed.

The agreement reschedules the 1982 to 1984 capital and interest payments over 11 years with a six year grace period and specifies that Poland will pay $1.3bn worth of interest this year to Western governments.

This is made up of $800m worth of interest on an agreement rescheduling 1981 payments and half of the $1bn interest on the 1982 to 1984 rescheduling.

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Commission outlines plan for technology community

BY QUENTIN PEEL AND IVO DAWNAY IN BRUSSELS

THE European Commission yesterdoy outlined 10 wide-ranging oreas of high technology research which would form the substonce of its planned European Technological Community.

The scope of the plans would range from space research, through the development of artificial intelligence and very large computers, to biotechnology and marine research.

Herr Karl-Heinz Narjes, the European Commissioner responsible for both indnstry and research, said the plans would mean an Increase in EEC spending from 3 per cent of the budget to between 6 and 8 per cent by 1989-90. In addition, member states would be expected to step up their own research financing to meet the technological challenge from the U.S. and Japan.

The Commission's White Paper on a technological community, to be presented to EEC heads of government ot their Milan summit this week, argues forcefully for the effort to be brought under a Community legal framework, whether within the existing treaties, or by adapting them.

It spells out the need to co-ordinate a research policy witb the existing EEC competition policy, the opening-up of public procurement and co-ordination of Community-wide technical standards and external trade policy.

The intention of the Commission plan is to complement the French Eureka Initiative, backed by Britain and most other member states, for greater co-operotion in odvonced technology research.

The White Paper proposals include:

Information and computors: The first and, perhaps, the key sector concentrating on micro-electronic and optical technologies. The proposals incorporate the Esprit programme which envisageo financing of Ecu 1.4bn (£840m) on information technology research between 1984-88 from both public and private sources.

Biotechnology: The development of researcb already under way to create a major data base on the application of new biology-based technologies.

The three principal headings are genetic and biomoeculer studies in living matter, agro-industrial investigations aimed at integrating research in the two sectors and health applications.

New materials: Examinations of new uses for materials. The Commission has noted that for ceramics alone a world market of $4bn is expected to increase to $20bn in the next 10 years

Optics and lasers: formerly world leaders, European mannfacturers now need new research to keep competitive in a range of oreas from industrial lasers to chemical, medical and energy uses.

Major scientific instruments: further atomic researcb including the construction of o synchrotron light generator for new scientific studies into particles

Broad and telecommunications: an attempt to extend the range of telecommunicatioos services on offer to the consumer at affordable prices.

Transport: research into new modes ot transport including supersonic air travel and high-speech trains with the empbasis on safety, speed, energy conservation and the environment.

Space: fresh initiatives on satellite development for uses encompassing everything from climatic analysis to astronomy.

Oceanic and geological products: studies aimed at angmenting Europe's knowledge and capacity to exploit the natural resources of the earth and sea, alongside o special project examining the properties of the earth's crust.

Education 2technology: a seven-year scheme to explore possibilities offered by new tecbnologies for educational purposes

EEC drivers win changes in hours

By Paul Cheeseright in Brussels

Drivers of goods and passenger vehicles throughout the European Community will have more flexible working hours, transport ministers agreed yesterday.

The maximum working week of 48 hours has been scrapped in favour of 90 hours over two weeks or 180 hours over four weeks. Within the total, no driver can work for more than six days consecutively, one day less than at present.

Daily working is held to a maximum of nine hours, but on two days a week a driver can work for ten hours, an increase of an hour in both cases.

But the weekly rest period is going np from 40 to 45 hours a week and the daily rest period has to be 11 hours if it is not split up and 12 hours if it is.

The agreement is a compromise between what ministers wanted to happen and what the European Commission proposed. The commission would have liked longer rest periods.

Moves to bring greater flexibility to drivers working hours started last year after the lorry blockades on the French and Italian frontiers showed that existing regulations had ceased to be workable.

European sports ministers get tough with hooligans

BY LAURA RAUN IN AMSTERDAM

WHEN sports ministers from the Council of Europe meet in an emergency session on Thursday, they will probably enact tough new measures against football hooliganism that would have been impossible until a month ago.

The European Cup debacle on May 29 in which 38 people died during vicious fighting between football fans has focused fresh ottention on long-discussed measures to combat sports violence.

The widely-acknowledged ottack by Liverpool supporters on Juventus fans plus inadequate police forces and flimsy fences at Brussels' Heysel stadium have emphasised the need for stricter guidelines on spectator sports.

The proposals to be considered on Thursday in Strasbourg were first formulated a year ago at a meeting of European sports ministers in Rotterdam. Dutch sports minister Mr Joop van der Reijden then called a hasty gathering of the so-called "Kijkdum Group" in Amsterdam on June 11 to recommend enshrining the recommendations in a legally binding convention under the auspices of the Council of Europe.

The Dutch-inspired Kijkduin Group – the Benelux countries, the UK, France and West Germany – has met twice s year since 1981 in the small seaside resort near The Hague to develop measures for dealing with football hooliganism.

The ad hoc group of ministers, who also sit in the Council of Europe, now want to put real teeth in the recommendstions by inviting the 21 members of the Council of Europe – and others – to commit themselves to anforcement.

The recommendations fall into eight broad areas: restrictions on alcohol; segregation of opposing fans; control on bcket sales; and adequate police security; sufficient transport; co-operation between local authorities and football associations; and proper stadium facilibes.

The Council of Europe, o political forum where sports violence has been a concern for ot least four years, also hopes to involve the Union of European Football Associations (Uefo), the pre-eminent body overseeing football in Europe.

It is hoped that an agreement will be reached between the Council and Uefa on the selection of approved stadiums and matches and on using Uefa's rules for avoiding crowd disturbances as o minimum standard.

Experts on spectator violence from the Council's sports committee will meet today and tomorrow to draw up o draft convention for sproval by sports ministers on Thursday.

The object is to have the binding convention in effect by the beginning of the football season in August, but thot depends oo the individual signatories to the pact.

The council of Europe iocludes all 10 members of the European Community plus other countries ranging from Iceland to Turkey.

The most controversial recommendation is that which would restrict or ban alcohol from football stadiums, o proposal thst some countries consider an infringemeot oo personal liberty. While this topic took up the most time at the recent Amsterdam meeting, it still is expected to result in agreemeot in light of the rampant drunkenness visible at the Heysel stadium tragedy.

As important as the anti-hooliganism measures themselves are the provisions for enforcement and penalties, which could be modelled on similar Council treaties.

The Council of Europe was founded in 1949 as o political organisation devoted to the realisation of human rights and social progress coupled with the mainteoance of legal order. Its task has been described as to function as the "conscience of Europe."

The Council has no legal powers other than those given it by signatories to the binding conventions, of which more than 100 have been concluded on buman and legal rights, social and economic affairs and environmental conservation.

Bush to review pasta curbs

By Alan Friedman in Milan

MR GEORGE BUSH, the U.S. Vice-President, pledged yesterday that the Reagan Administration would review newly imposed trade restrictions on EEC exports of pasto prodncts to the U.S. in order to ensure that the measures do not fall excessively on Italy.

Speaking at a Press conference in Rome which followed a working lunch with prime minister Bettino Craxi and Sr Ginlio Andreotti, the foreign minister, the U.S. Vice-President said his discussion yesterday also touched upon the strategic defence initiative (SDI), the so-called star wars plan, th battle against internationa terrorism and on prospec for an improvement in eas west relations.

Mr Busb's day-long talks i Italy marked the start of a 11-day Enropean tour whic Is to focus heavily on st wars and on trade issues. Th Italians bave been particular npset by trade restrictions pasto Imposed by Washingt last week.

The Vice-President, w earlier in the day met t Pope and Sig Sandro Pertu the outgoing Italian Preside said that the U.S. and It were 'on the same wa length' as Italy in t struggle to defeat terroris

UK votes today on EEC contributions

BY QUENTIN PEEL IN BRUSSELS

BRITISH MPs are being asked to vote today for the long-awaited increase in the rate of national contributions to the EEC budget, in a deal which will, incongruously, reduce the rate of payment by the UK.

The decision to raise the Community's "own resources" from the present VAT ceiling of 1 per cent to a new maximum of 1.4 per cent, finally approved by the member states last month, has to be ratified by the ten parliaments before the eod of the year.

If it is blocked, then a whole range of key decisions will be called into question, inclnding tbe planned enlargement of the Community to include...Spain and Portugal—and the deal to reduce Britain's net payments into the EEC budget.

Thereafter, the estimated net contribution of the UK would be reduced by two-thirds, one yeor in arreors.

The VAT rate on which all these contributions are calculated is only o theoretical formula, the notional amount yielded by o 1 per cent VAT rate on an agreed basket of goods and services in each member state.

It will remain theoretical until all members agree on o common VAT base.

Tne so-called New Own Resources decision, embodied in the European Community's (Finance) Bill tabled at Westminster ten days ago, is the cornerstone of the package deal agreed by EEC leaders ot their Fontainebleou summit 12 moths ago. That agreement effecively linked:

- EEC membership for Spain and Portugal on January 1, 1986
- Increased national contributions to the bndget.
- A special deal to reduce Britain's net contributions by two-thirds, with some relief also for West Germany.
- Formulo for imposing long term bndget discipline, especially on farm spending; and
- A package of measures for Greece, and the poorest regions of Italy and France, to promote economic development.

In addition, the whole deal was expanded to provide for extra cash to balance the 1985, budget, to the tune of Ecu 1.98bn (£1.13bn), most of it needed for increase farm spending in the last year before budget discipline is really supposed to begin to bite.

The British budget deal ot Fontainebleau provided for the UK to get Ecu 1bn knocked of its VAT payments in 1985, in respect of 1984.

What the British rebate system means is that the UK will not end up paying the full 1.4 per ceot VAT rate, even wben the rest of the Community rescbes that ceiling.

In 1986, if the Commission's estimates are approved, the effective British VAT rate will be only 0.82 per cent, and West Germany's will be 1.18 per cent. The other eight member states will be paying an effective 1.35 per cent rate to make up tbe difference.

If there was no British rebates system, then the 1986 figures would require an average 1.23 per cent for the whole Community.

Stoltenberg to increase federal spending by 2.4%

BY PETER BRUCE IN BONN

HERR Gerhard Stoltenberg, the West German Finance Minister, announced yesterday the country'a 1986 budget would contoin an increase of just 2.4 per cent in federal spending, despite recent insistent calls from within the governing coalition for Bonn to toke drastic measures to stimulate employment.

Unveiling a pockage of mild investment stimulants designed to help the country's struggling construction industry, Herr Stoltenbnrg said his budget envisaged total outgoings of DM 264bn (£67.69bn). He confirmed eorlier reports that the 1986 budget deficit would be held to the DM 25bn planned for this year.

The Finance Minister appears to have successfully deflected pressure, particularly from the West German *laender* (state) governed by his Christian Democrat (CDU) Party, for more spending on job creation in the wake of th eheavy defeat suffered by the CDU in the recent North Rhine Westphalia election, wbere unemployment played a central role. West German unemployment, now at 2.19m, or 8.8 per cent of the workforce, is running at a post-war record.

Despite the stream of criticism directed at Chancellor Helmut Kohl's economic policies by Herr Franz-Josef Strauss, the Bavarian leader, Herr Stoltenberg's package merely involves shortening the time allowed for write-offs on new commercial buildings to ease corporate tax burdens, o DM 660m increase in the federal urban renewal budget, and a DM 6bn broadening of constructtion credit facilities by two stage agencies.

Herr Stoltenberg said the measures, agreed to in meetings between the CDU and its junior coalition partners ond the *laender*, run by coalition parties, did not disturb the Government's tight fiscal policies.

Bonn set to hold fresh talks with U.S. on SDI

BY RUPERT CORNWELL IN BONN

BONN'S MOUNTING nncertainties over the U.S. space-based Strategic Defence Initiative (SDI) will come under fresb and testing scrutiny on Thursday, with a new round of high level discussions embracing senlor representatives of both Governments as well as of companies which could be involved in the scheme.

The U.S. side at the talks, of a semi-official character, is expected to be led by Mr Richard Perle, Assistant Secretary for Defence, and General James Abrahamson, head of the special SDI section at the Pentogon.

They will come moreover barely 48 hours after o visit here by Mr George Bush, the U.S. Vice-President, os part of his current European tour. Although measures to combat the lotest wave of International terrorism are likely to be the main topic, SDI will also feature during bis meetings with botb Chancellor Heimut Kohl and Herr Hans-Dietrich Genscber, the Foreign Minister.

Spotlight focuses on militant separatists

BY JOHN ELLIOTT IN NEW DELHI

CLAIMS OF responsibility purportedly from two Indian aeparatist groups for the Air India jumbo jet disaster hava focused attantion on extremists groups of Indians living in North America and Europe.

Tha claims are purported to have coma from the Deshmesh Regiment, a Sikh student organisation, believed to have been linked with earlier violence in India, and tha Kashmir Liberation Army, which claimed responsibility for the murder of an Indian diplomat in Birmingham last year and wants an independent north Indian state of Kashmir.

Of the two, Indian officiols balieve the Sikh claim to be the more credibla, if the crash were caused by extremists, because Sikhs bave developed considerable skills in terrorist tactics.

Canada has become a centre for extremist Sikhs in the past year and is believed to be the base from which a plot, uncovered by tha U.S. Federal Bureau of Investigation, may have been laid to assassinate Mr Rajiv Gandhi during his recent U.S. tour and then to attack othar Indian leaders and strategic installations.

Militant Sikhs want tha northern Indian state of Punjab to become an independant Sikh nation, callad Khalistan. Thair terrorist activities end international militancy has built up since the Indion army took over the Sikhs' Golden Temple in Amritsar a year ago.

Tha assassination of Mrs Indira Gandhi, formar Indian Prima Minister, nearly eight months ago by ber Sikh security guards, brought these Sikh communities abroad into the limelight as they publicly celebratad ber death and threatened new assassinations.

In the UK, the activities of Mr Jagjit Singh Chohan, self-proclaimed president of Khalistan, has attracted widespread attention and aarlier this year soured relations between India and tha UK because India felt Britain was not doing enough to curb tha extremists' activities.

India has also brought pressure on the governments of West Germany, the U.S. and Canada to take action against the extremists and all the countries have been increasing their exchange of information about the Sikhs in recent months, including possible threats to Air India flights.

In Canada thera are en estimated 80,000 Sikhs living in Vancouver, Toronto, Ottawa and Montreal and there is a Federation of Sikh Societies of Canada, to which extremists belong, as well as a branch of the World Sikhs Organisation which yesterday accused the Indian Government of making boax calls claiming Sikh responsibility for the crash.

Tha Times of India reported early this month that India had askad Canada to deport Mr Kulwant Singh Sidhu, a Sikh extremist wanted for "murdering a policeman and attempting to blow up o train" in the Punjab. Mr Sidhu was reported to be asking for political asylum after serving a jail term in Vancouver for entaring Canada on a false passport.

The Deshmesh Regiment, named by e caller to New York newspapers yesterday, is linked with the Sikh Students Fedaration. One of its founders, Bhal Amrik Singh, 33, was killed in June last year in tha Golden Tampla ection.

Mr Gurpartap Singh Birk, one of six Sikh extremists arrested by tha FBI last month, is believed to be linked with tha Regiment and is tha president of one Sikh Students Association of North America.

Significantly Mr Chohan in the UK and Dr Hadam Singh Azad, natoinal chairman of the Sikh Association of Americo, tried yesterday to distanca themselves from any Sikhs wbo might have blown up tha jumbo.

Mr Chohan in particular is being extremaly careful not to fall foul of UK laws and all tha Sikh extremists groups operating abroad must realise that such sabotaga, whether proven or only suspected, increases ioternational surveillance on their activities.

Canada steps up baggage checks

By Bernard Simon in Toronto

SECURITY arrangements at Toronto International Airport were under close scrutiny yestarday as Canadian police continued to investigate the circumstances of the ill-fated Air India flight and the bomb explosion in Tokyo.

A Department of Transport official confirmed that only three-quarters of bold luggage stowed on the Air India flight at its Toronto starting-point was actually scanned by X-ray machinery. Following a defect in the equipment, the rest was checked by hand-scanners.

He said that no malfunctions had been found in X-ray equipment used at Montreal, where the aircraft stopped.

Air Canada had asked tha Canadian security authorities several months ago to apply special measures to its flights, nd thee have included searches of cargo bolds by dogs as well as X-ray equipment, and two checks of all hand luggage. Police officers bave scrutinisad Air India passengers in Torooto and Montreal.

Baggage originating in Toronto was also carried on the CP Air flight from Vancouver to Tokyo. A Vanconver police spokesman said that costs and time constraints have discouraged X-ray examinations of already checked baggage. Luggage was X-rayed or examined by sniffer dogs only if an airline reqnested such measures. Only a handful of such requests had been made in recent years.

Bodies of victims, covered in plastic, laid out on the floor of the Cork Regional Hospital gymnasium

Delicate balance between security and speed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SECURITY chiefs of the world's airlines, wbo will meet in Montreal later this week to discuss how to improve air transport safety, face the delicate problem of balancing tha need for greater security against the need to keep passengers and aircraft moving in a rapidly expanding industry.

A spokesman for the International Air Transport Association, which has called the meeting, said yesterday: "Everything has been a compromise so far, between those two needs. The forthcoming meeting could have soma impact on the delicate balance between high levels of security and keeping aircraft moving."

He said the airlines wonld have to maka some "hard decisions" about the desirability of slowing down passenger movements at airports throughout tha world.

In tha meantime, the International Federation of Airline Pilots' Associations, representing pilots' organisations worldwide, said that there had to be increased security, even if it "irritates the hell" oot of passengers.

Captain Laurie Taylor, secretary of the Ifalpa, said: "Wa must make sure that everything that goes on to an aircraft undergoes appropriate security checks—and that inclndes cargo, mail, catering and engineering supplies, as well as all air-sida vehicles and employees."

● Indian aviation experts studying the possible causes of the Air-India Jumbo disaster are expected to call on the UK's Aircraft Accidents Investigation Branch

From slivars of metal buried in a single seat cushion discovered floating in the sea, the team was able in 1967 to discover the cause of the crash of a British Airways Trident over the Mediterranean, which bears many similarities to tha latest Air-India crash

Tha cause of that accident was found to be a small bomb packed between a seat and the wall of the aircraft's fuselage.

Hope fades of finding 'black box' recorder

By Our Dublin Correspondent

HOPE WAS fading last night for the recovery of the inflight recorder or "black box" from the Air India Boeing, as it emerged that the crucial device had sunk to a depth of 6,000 ft off Ireland'o south coast.

The black box, which holds the key to a reconstruction of the last minutes of flight AI 182, is lying, according to experts in Cork, on the Continental Shelf at a point where it slopes steeply, 100 miles off Ireland.

None of the vessels at the scene yesterday was equipped to receive the homing radio signal from the black box at that depth, and with any signal weakening after 48 hours the chances of recovery now seem remote. The presumption last night was that the recorder was with the tail section of the aircraft, and had not broken free after the tail plain hit the water. Royal Navy divers from HMS Challenger attempted to find the sail section of the Boeing yesterday, but were unsuccessful.

The search has now reverted to a bunt for clues to the cause of the disaster as it became clear than any remaining bodies had sunk. Only ona body was recovered yesterday, making a total of 131 victims recovered from the aircraft's complement of 329.

The first substantial piece of wreckage bearing the Air India emblem was brought ashore from the Irish Navy vessel yesterday afternoon and was immediately examined by Indian aviation experts in Cork.

While official endorsement of the theory that a bomb was responsibla for the crash was cautious, rescue workers pointed to the partially clothed state of the victims as evidence of their being subjected to a blast of some kind. Some bodies were also badly mutilated, and soma reportedly had suffered severe burns.

Speaking in Cork yesterday, Irish Prime Minister Garret FitzGerald said that the inquiry would be a painstaking one because investigators would be looking at the possibility of "criminal action." He said that the official inquiry would be in the hands of the Indian authorities who would be assisted by Irish aviation experts.

Aviation insurance claim likely to be largest ever

THE INSURANCE world faces tbe largest claim in aviation bistory after the crasb of an Air India jumbo jet on Sunday which killed 329 passengers and crew, Mr Terry Pitron, former chairman of the Lloyd's of London Aviation Underwriters Association said, Renter reports.

He said a substantial part of the insurance of the aircraft will bave been underwritten in Lloyd's, London's insurance market. War risk underwriters will be forced to raise premiums, be warned.

The total claim will include a sum paid to Air India for replacement of its aircraft, estimated at around $100m, Mr Pitron said. In addition, insurers face substantial personal claims.

Mr Pitron said the loss of the jumbo jet may be classified under an "All-risks" claim or e "War and Allied Risks" category, if it is proved the crash was caused by a bomb explosion.

Some of the insurance will have been placed direct in the London market and some reinsured in London for the primary insurer, the state-run General Insurance Corporation of India.

Mr Pitron said war-risk underwriters were now alarmed at the severe losses in this sector and would be forced to raise premiums. War-risk business is "hopelessly and inadequataly charged at tha moment," be said.

The alarming potential for losses in this sector has been bighlighted recently by tha hijock of the TWA jet to Beirut and tha taking of hostages, the explosion at Frankfurt airport which killed three tourists and the blast at Tokyo's airport.

"It used to be possible to make en educated guess where the hijack was going to happen or the bomb explode but there is no logic left now," Mr Pitron said.

A spokesman for Lloyd's of London said the Air India crash was the first major loss since 1983 when the market faced substantial claims after the shooting down of a South Korean passenger airliner with 269 peopla on board by a Soviet figbter.

The Lloyd's spokesman said legal proceedings may arise from the crash but the level of personal claims by relatives of the dead was difficult to forecast.

Mr Pitron said the claim egainst Sunday's Air India crash would be larger than any before because it involves a total loss. In 1977, the claim after the crash of two aircraft on the runway at Tenerife airport totalled £75m. In this case, there were some survivors.

The difference between that claim end the very high replacement claim after Sunday's crash simply reflects the inflation-adjusted value of the aircraft.

LOSSES OF BOEING 747 AIRLINERS

1970 Pan Am	—Blown up on ground at Cairo by terrorists.
1973 Japan Air Lines	—Blown up on ground at Bengazi by terrorists.
1974 Lufthansa	—Crashed on take-off at Nairobi; wing slats not extended by pilot for take-off.
1975 Air France	—Caught fire on ground at Bombay, empty at time.
1976 Iranain Air Force	—Blew up in mid-air; no details released.
1977 KLM & Pan Am	—Two 747s canght fire after collision on ground at Terenife, 582 killed.
1978 Air India	—Disappeared from radar after climbing out of Bombay Airport. Crashed in sea. No reason found, 213 killed.
1980 Korean Air Lines	—Crashed on landing short at Seoul Airport.
1983 Korean Air Lines	—Flight 007 shot down by Soviet Union missile while on routine flight New York to Seoul via Anchorage, 269 killed.
1983 Avianca	—Destroyed on collision with hill on approach to Madrid Airport, 185 killed.
1985 Air India (June)	—Disappeared from radar off coast of Eire whila on scheduled flight from Montreal to Bombay with a refuelling stop at Heathrow Airport, London, 325 killed.

The worst accident to an airliner in flight happened to a Turkish Airlines' DC-10 airliner on March 3 1974 when 345 people were killed on a flight from Paris to London.

Australia postpones deregulation of local oil market to 1988

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Australian Government said yesterday thet it was postponing full deregulation of tha local oil market until st least 1988, following a canvassing of industry, union, and state government views.

Seo Gareth Evans, the Minister for Resources and Energy, announced a minor change in tha way local cruda oil prices plural are determined, but said that full deregulation of tha marketing arrangemeots for indigeoously produced crude would involve 'major transitional difficulties" for the oil companies.

He said a furthar review would be coodocted in 1987, with a view to introducing free market conditions from 1988. At presaot, because of an import parity pricing policy, the price paid by local refinera and marketeers for all Australian-produced crude is equal to import prices.

Most Australian oil is refinad and sold locally, but since November 1983 some has been exported—52 shipments to date, totalling 33.7m berrels, mostly to the U.S. Japan and Singapore.

The system has encouraged small and large explorers to spend freely, so that Australia is at present about 85 per cent self-sufficient in crude oil supplies.

The policy bas also belped to cut oil's share of total Australian anergy consumption from 48 per cent to abont 40 per cent.

The biggar oil producers wanted complete freedom to export as much oli as they liked. Smaller producers were much less keen.

Tha view In Canberra was that domestic cruda production would not bave suffered if marketing arrangements bad been deregulated. Bnt thare was concern that domestic refiners would have faced severe competition from imports, leading to a decline in Australian refining capacity, and lost jobs.

Opposition delays start of Philippine N-plant

BY SAMUEL SENOEREN IN MANILA

CONSTRUCTION of the Philippines' first nnclear power plant supplied by Westinghouse of tha U.S., bas been completed at a cost of about $1.95bn (£1.52bn)—nearly two years behind schedula since work started in 1976.

Tha plant, with a generating capacity of 620 megawatts, is located on the Bataan Peninsula, some 45 miles west of Manila.

But its commissioning is being opposed by an increasing number of militant anti-nuclear organisations which have filed suits against its owner, the state-owned National Power Corporations, for safety and economic considerations.

Opposition reached its height last week when an estimated 15,000 protesters marched towards the peninsula from Manila and nearby areas to denounce the plant as unsafe and a waste of public funds.

National Power has not publicly announced completion of the project because it has been unable to obtain a licence for its operation from the regulatory agency, the Philippine Atomic Energy Commission (PAEC). The application for a licence is being contested by opponents in hearings currently being conducted by tha commission.

Considering tha slow pace of tha proceedings—where one plant engineer took the witness stand for nearly a week just to discuss his qualifications—it is highly unlikely if any decision will be forthcoming in the next month or so.

Sectarian clashes erupt in Indian city

MOSLEMS and Hindus fought running street battles yesterday with stones, acid-filled light bulbs and flaming rags in the textile centre of Ahmedebad despite Prime Minister Rajiv Gandhi's recent driva to restore order in tha area, Reuter reports from New Delhi. Four people were reported to have been killed and more than 20 injured.

Violence in the area over recent weeks was triggered by now-suspended stata government policy reserving jobs and higher-education places for the underprivileged.

Sudan-Ethiopia ties

Sudan and neighbouring Ethiopia have agreed to resume full diplomatic relations and exchange ambassadors soon, a senior Sndanese official told AP in Khartoum. He also said that Ethiopia had agreed to stop aiding the southern Sudan rebellion against the central Government.

Ship's fate unknown

The fate of the Kuwaiti-registered cargo ship seized by Iranian gunboats last week remains unknown, officials yesterday told Reuter in Kuwait. "We are in tha dark," said officials for the owners of the 23,000-tonne al-Muharraq, which was taken in international waters outside the Strait of Hormuz on its way to the Gulf from Europe.

Nepal call to resign

Nepal's non-party Government came under fresh pressure yesterday to resign over its handling of security in the Himalayan kingdom where seven people died in bomb blast last week, writes Reuter from Katmandu. More than 40 of the 140 National Assembly members tailed on Prime Minister Lokendra Bahadur Chand to step down. Meanwhile, police were reported to have found another unexploded bomb southeast of the capital.

Black economy costs India 40% of tax base

BY JOHN ELLIOTT IN NEW DELHI

INCOME TAX evasion in India accounts for about 40 per cent of the country's taxable income according to a report on the black economy publisbed yesterday by the Government.

The annual income of black money amounted to 18 to 21 per cent of India's $180bn (£140bn) gross domestic product in 1983-84 says the report, which does not, however, attempt to estimate the far larger size of accumulated black wealth, said in earlier reports to be 50 per cent of gross domestic product.

India's black economy has been growing for many years and Mr Rajiv Gandhi, the Prime Minister, has launcbed a campaign to reduce its impact and to curb the country's rampant corruption.

Mr Vishwanath Pratap Singh the Finance Minister, said yesterday that an attack on smuggling had led to a 700 per cent increase in the amount of smuggled gold seized which had gone up from £2.5m (rupees 38m) in the first fiva months of last year to £18m in the same period this year. Customs seizrues of all goods had risen 70 per cent in the same period.

Tha report, prepared for the Government by the independent National Instituta of Public Finance and Policy, says that the main causes of tha black economy are a complex taxation structure, big increases in government and other public sector spending, general deterioration in moral standards, inflation, and weak deterrents.

It says that most black money is generated in property transactions, large scala manufacturing, the film industry, smuggling, the professions and construction.

"Complete or partial suppression of gross receipts, exaggeration of expenses, and undervaluation of assets constituted more important methods of black income generation. Black income was mostly spent on consumption except in the case of businessmen who reinvest it to generate more black income.

"Black wealth finds its way into real estate holdings, undisclosed or under-valued stock in trade, ornaments of gold or silver and precious stones, and financial transactions where cash holdings are of minor importance."

The report's estimates of the size of India's black economy show that the range of black income — thet is taxable income not reported to the tax authorities — rose from 15-18 per cent of GDP in 1975-76 to 18-21 per cent in 1983-84.

The size of the tax income lost to the Government was about 75 per cent of the amount of tax gathered in 1980-81. This means that evasion accounted for about 40 per ceot of taxable income.

The Governmant has started to attack the problem with the increased smuggling surveillance and also by simplifying and even eliminating some of the taxes which cause most evasion.

It will now consider a plan proposed in the report to help people cash in their black wealth. The report proposes the creation of a notional fund for slum clearance or some other social objectives with seed capital of about $70m for whicb seven-to-ten-year, 8 per cent debentures would be floated.

"No questions should be asked about the source of the funds invested in these debentures," says the report which bas adaptad the idea from a scheme of bearer bonds issued four years ago to attract black money.

Peter Blackburn, recently in Brazzaville, reports that foreign investment is returning

Congo's economy turns Westward

THESE DAYS there are few posters of Marx and Lenin lining tha sandy street of Brazzaville. Instead, a new fleet of official Mercedes cars and Toyota taxis testify to tha Congo Peoples Republic's growing ties with the capitalist world.

This small but orderly city on the banks of the Zaire River now has some comfortable hotels, though not enough for all tha international bankers wbo recently flew in for the annual meeting of the African Development Bank.

Brazzaville, the beadquartera of General de Gaulle's Free French Africa during World War II, offers soma excellent French resturants wbose prices ore among tha highest in French-speaking Africa.

Mucb bas changed since tha Congo became the first of the newly-independent African countries to turn Marxist in 1963. Western investors started to leave soon afterwards and in 1965 the U.S. and Britain closed their embassies.

Relations with the West only began to improve again in 1979 with the arrival in power of Mr Denis Sassou-Nguesso, a former colonel in the Congolese army.

Tha Marxist rhetoric continued, but Western observers noted that it now served mainly as a banner to unite the country's diverse and potentially fractious tribal groups. President Sassou-Nguesso, dressed in debonair three-piece suits, bas been called the "Marxist dressed by Cardin."

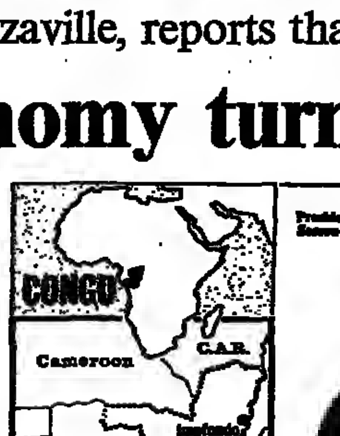
Ha pointed out to approving bankers earlier this month that there is now a privata as well as pnblic and mixed economic sectors. A new investment code more favourabla to foreign capital bas been introdnced and a ministry to promote small businesses was created last year.

Since President Sassou-Nguesso took over six years ago tha Congo bas enjoyed economic growth and prosperity after a long period of atsgnation and instability. Growth has been based on a tripling of oil output to 6m tonnes in 1984, making the Congo black Afica's fifth largest.

However, high production costs and a soft world oil market have kept government revenue static while expenditure continues to climb.

Real GDP growth fell to 3 per cent in 1984 from 24 per cent in 1981 and is expected to fall further this year. After seven consecutive years of growth, oil output is expected to fall 10 per cent this year, though it should recover in 1986 as new fields are brought into production. Oil represents some 90 per cent of export earnings and two thirds of government revenue.

The appreciation of the dollar has helped to cushion the fall in export earnings and decreased the cost of imports from France, the main supplier with more than 50 per cent of the market, bankers say. But it has also increased debt service which is expected to peak this year at $333m (£262.2m) and absorb more than one third of export earnings.



Population:	1.45 m	
GNP per capita:	$1,180	(1982)
Exports (fob):	$1,066m	(1983)
petroleum	$958m	(1983)
non-oil	$108m	(1983)
Imports (cif)	$806m	(1983)

About two thirds of payments are due to private creditors and have now slipped four months in arrears, creating growing pressure especially from the French to reschedule.

This would involve first going to the IMF but it is still politically unacceptable, observers point out. Instead, the Government has introduced its own austerity programme. Many of the country's loss-making state-backed private companies have been hroken up, public administration slimmed and spending cut.

The ambitious $2.8bn five-year 1982-86 development plan has been cutback and practically no new projects will be launched this year.

The plan gives priority to transport infrastructure and the opening up of s country covered mostly by dense rain forest. The Government also wants to develop its massive and largely unexploited timber resources in preparation for the post-oil era.

The country's most important industrial project is a $600m pulp paper scheme at Pointe Noire: production costs would be among the world's lowest, but beavy freight costs to Europe and North America, and uncertainty about the future of world paper pulp markets, have deterred investors.

However, the Government remains committed and is trying to attract investors to take a majority share in a scaled-down project.

The Congo is one of Africa's more solvent economies despite its present problems, bankers say. Total disbursed debt amounted to only $1.5bn at the end of 1983, economic growth continues and most of the country's natural resources remain untapped.

AMERICAN NEWS

Dole opposes fast action on Reagan's tax reform

BY STEWART FLEMING IN WASHINGTON

MR ROBERT DOLE, yesterday registered his opposition to urgent action on the President Ronald Reagan's tax reform proposal. The Senate majority leader said he doubted that a tax Bill can be passed this year. He said he supported tax reform but "I believe it can wait."

His comments come amidst growing unease about the impact of the tax policy debate on efforts underway in Congress to resolve the impasse in a House Senate conference committee over cutting the Federal budget deficit. A meeting of the committee yesterday was cancelled.

Mr Dole and some economists believe that action on the budget deficit should be Congress's top priority. They are concerned that tax reform and other issues are diverting Congress's efforts.

Dr Alan Greenspan, former chairman of the Council of Economic Advisers under President Gerald Ford, said that he fears that the hostage crisis in Beirut could also have an adverse impact on U.S. economic policymaking. He pointed out that political pressures in society is one of the keys to securing the $30bn to $35bn (£23bn-£27bn) of budget cuts Congress is considering and to pushing ahead with tax reform.

"The key to both is presidential leadership," he said. If the hostage crisis leads to a major diversion of presidential activity, the odds on achieving meaningful budget cuts will diminish.

Although Congress is claiming that the differing budget resolutions which have passed the house and the senate would cut the 1986 deficit by just over $50bn, private sector economists estimate that a more realistic figure is $30bn to $35bn. Some argue that even with the cuts the budget deficit next year will still remain around the $200bn mark.

Hopes about an early reconciliation of difference between the House and Senate versions of the budget have faded in the face of the limited progress that has been made so far and the fact that at the end of this week Congress will rise for the independence day holiday on July 4.

U.S. probes huge sugar fraud

By Nancy Dunne in Washington

U.S. PROSECUTORS continued investigating yesterday 27 individuals and companies charged with conspiring to illegally import millions of pounds of sugar while evading government-imposed quotas.

A federal grand jury in New Orleans last week indicted 14 individuals and 13 businesses on charges of illegally diverting more than 88m lb of foreign sugar into the domestic market. In four indictments, the prosecutors charged that dealers imported cheap foreign sugar, selling at less than 3 cents a pound, and sold it at much higher domestic prices, while they falsely claimed it had been re-exported.

The scam is making headlines at a time when Congress is reconsidering farm legislation which provides sugar growers with price supports necessitating quotas. The quotas are widely disliked because they increase consumer prices.

The Agriculture Department, which oversees the quotas, said that those indicted are brokers and their associates who falsely claimed that the sugar had been brought to the country for refining and was then exported. The department allows the import of sugar for 90 days. Importers pay 2.8 cents duties and get 99 per cent of the tariff back after the refined product is re-exported.

The alleged conspirators are charged with falsely collecting the repayment tariff fees as well as selling the sugar illegally in the lucrative U.S. market.

Mr John Volz, U.S. Attorney in New Orleans, said that as much as 700m pounds of sugar might have been involved. Criminal and civil finds may total $1bn.

Mr Jose Miguel Arago, a Miami sugar dealer, is accused of arranging the conspiracy. Mr Arago was born in Cuba and became a U.S. citizen in 1971, according to customs officials.

Although several refineries have been included in the investigation, none have been charged with knowingly participating in the scheme.

Canute James reports on Burnham's austerity measures

Guyana writes its own prescription

THE DECISION of the International Monetary Fund to make Guyana ineligible for further credits has tightened a financial noose which has been threatening the country for the past four years.

The fund took the decision because the embattled economy could not meet its repayments on previous credit packages, the last of which the IMF tore up in 1982 because performance criteria could not be achieved.

"This does not inhibit Guyana's continuing dialogue with the fund," was the laconic response of the Guyanese Government. This will hardly hide the immediate pain. Guyana has been seeking between $150m-$200m in credit from the fund, but has been unwilling to accept the IMF's recommendations for economic policy changes.

Describing IMF recommendations recently as "a prescription for murder," Mr Forbes Burnham, the president, has been reluctant to accept changes which include reduced consumer goods imports, a cut in Government spending, and a substantial devaluation.

Guyana's debt to the Fund this year totals $31.7m, of which it has already paid $4m. Government officials say the plan was for the country to pay the Fund $25m this year—about one-third of total anticipated foreign earnings for the year.

The IMF decision has dampened what were lighter spirits in the country. An improvement in bauxite output, the main leg of the battered economy, had brought some hope of relief.

Now it will take more than this to halt the deterioration which has overtaken the economy of this Caribbean rim nation of 900,000.

A chronic shortage of hard currency has forced Mr Burnham's administration into austerity. Wheat flour to make bread is included on a lengthy list of banned imports.

After three consecutive years of decline, the economy recorded real growth of 2 per cent last year. "This makes 1984 the first year of positive real growth since 1980," said Mr Carl Greenidge, the Finance Minister. This follows declines of 10.6 per cent in GDP in 1983, and 13 per cent in 1982.

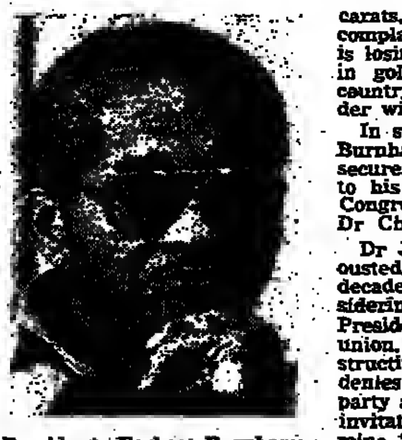
The improvement was mainly the result of the increase in output by the state-owned bauxite industry, which grew by 55 per cent last year to reach 1.55m tonnes.

Earnings from bauxite this year are expected to reach $117.4m, with a further 5 per cent increase in production forecast by the Government.

The prospects for increased earnings are not supported by the behaviour of the other key sectors. Sugar last year missed its 284,000 tonnes target by 43,000 tonnes. Mr Burnham said the industry lost $26.3m last year. At 184,000 tonnes, rice missed the pre-harvest target by 2,000 tonnes.

In an effort to ease the economic pressures, Mr Burnham has been visiting East European countries seeking economic agreements.

The commercial agreements, mainly involving bartering of bauxite, have not eased the hard currency problems, and the ties with the East European countries have annoyed Washington, leading to U.S. efforts to deny Guyana loans from international agencies and excluding the country from trade preference programmes for the Caribbean.



President Forbes Burnham: IMF proposals are "a prescription for murder"

The decision not to seek more loans, if they could be got from western donors without an IMF agreement, will, at the very least, not add to the country's crushing debt burden.

With a foreign debt of $1.3bn, and a service ratio of 42 per cent, the country is likely to be spurned by its creditors until it makes its peace with the IMF.

There appears no short answer for Guyana's attempts to get out of the economic hole. Mr Greenidge has forecast a trade deficit this year of $160m, $58m more than 1984.

Revenue intake will be $92m less than the $243m which the Government plans to spend.

The Government reported that gold production last year reached 10,000 ounces, and diamond output was 6,000 carats, but Mr Burnham complained that the economy is losing about $350m per year in gold smuggled out of the country, mainly over the border with Brazil to the south.

In spite of the problems, Mr Burnham appears politically secure. The main opposition to his ruling Peoples National Congress is from the Marxist Dr Cheddi Jagan.

Dr Jagan, who Mr Burnham ousted, with U.S. help, two decades ago, has been considering an invitation from the President to create a political union, and take part in "constructive dialogue." But he denies attempts to create a one-party state. His party saw the invitation as an effect to determine "whether or not to have formal talks with the PNC on programmes and policies on the formation of a government."

He denies also that the move is the result of suggestions from Moscow and Havana, with which the two parites have strong ties, for him to give "critical support" to the Government.

Co-operation between both men could help heal the racial divide between the Afro-Guyanese, which mainly support Mr Burnham, and the Indians from which Dr Jagan draws most of his following.

Such a detente would be to Mr Burnham's advantage. This is election year, and a union, even a loose one, would remove the need for a serious campaign.

There is no indication Mr Burnham has discarded the possibility of some agreement with the IMF. Implementing economic adjustment programmes which could be made easier for the president if he has Dr Jagan on the inside.

Meese calls for tighter laws on immigration

MR EDWIN MEESE, the U.S. Attorney General, said yesterday that the U.S. must regain control of its borders by tightening immigration laws to reduce the number of illegal aliens who enter the country, Reuter reports from Washington.

"As a sovereign nation, we must be able to decide who may cross our borders," he said in a statement read to the Senate Judiciary Committee.

The Justice Department estimates there are 3.5m to 6m illegal aliens in the U.S. and other estimates are much higher. Most are from Mexico or Central and South American countries.

Last year, 1.2m aliens were arrested trying to enter the U.S., most for attempting to cross the border with Mexico, while about 500,000 illegal aliens were believed to have successfully entered.

Last year, both the Senate and House of Representatives passed bills that would make it illegal for a U.S. employer to knowingly hire illegal aliens.

The bills would also have allowed many aliens who have lived in the U.S. to become legal residents, but no agreement was reached on differences in the two measures so the legislation did not become law.

Brazil revives ambitious southern railway proposal

BY ANDREW WHITLEY IN RIO DE JANEIRO

AN AMBITIOUS project of the 1970s to build a 1,500 km railroad from Asuncion, Paraguay, to the Brazilian port of Paranagua, is being revived—with a new twist.

The initiative comes, as before, from the Parana state government in southern Brazil, and from the wealthy soya producers and processors of the region.

Their reasons are straightforward. Brazil can produce soya as cheaply or even cheaper than the U.S. But the cost of getting the goods to port by truck across steep coastal mountains, is said to be as high as it is to then ship the soya to Europe.

The Soya Railway was one of those monster infrastructure projects of President Geisel who governed Brazil in the mid-1970s. But financing was always elusive and it seemed that the 1982 debt crisis finally put paid to the idea.

The new twist is that Companhia Vale do Rio Doce, CVRD, the Brazilian state-owned mining giant, has been invited to get involved because it has become a successful builder and operator of railways.

From the mineral heartland of Minas Gerais state, in the so-called "iron triangle," CVRD has already built an export railroad to the coast near Vitoria. Apart from iron ore, this railroad also carries substantial quantities of other gods, as well as passengers.

Mor spectacularly, CURD is putting the finishing touches on its Carajas railway in the south east Amazon region, stretching 890 km across near-virgin territory to the coast. It is on time and under budget.

The Parana state government has asked CVRD to undertake a six-month pre-feasibility study for a railway across Parana to the Paraguayan border. Branch lines would veer off to the north, into the rich new agricultural states of Mato Grosso do Sul and Mato Grosso, and to the south into the Argentine province of Misiones.

Not surprisingly, the Paraguayan Government and the state authorities in Misiones, whose agricultural economics have always been affected by their remoteness from the coast, are delighted with the scheme.

"We can't go on wasting $55 (£42) a tonne in transport for our soya," one Parana official said.

The plan now under consideration however, is even more ambitious than its predecessor. It embraces an integrated, tri-national system of waterways, warehouses, grain silos and, possibly, a new port as well.

Bahamas hires U.S. lobbyist for $400,000

THE BAHAMAS Government has paid $400,000 (£308,000), to an influential U.S. lobbying firm to improve its image with the Reagan Administration, Nikki Kelly writes from Nassau.

According to the company's proposal, the job of Black Manafort Stone and Kelly Incorporated is to find ways to help its clients counteract Washington's negative perception of Prime Minister Lynden Pindling's Administration as corrupt and involved with drug trafficking.

The six-month agreement with the company, based in Arlington, Virginia, and headed by Mr Charles Black Jr, a former strategist for the Reagan/Bush 1984 re-election committee, was signed earlier this year but only became public recently after the text of Black Manafort's strategy for the Pindling Government was leaked to local media. According to the Foreign Affairs Minister, Mr Clement Maynard, the firm was hired to advise on tourism and foreign relations matters.

The lobying group offered to use its "personal relationships" and "contacts" with Reagan Cabinet members "to effect the success of the plan." Its proposal said that the personal friendship between Mr Caspar Weinberger, the Defence Secretary, and Mr Edwin Meese, Attorney General "can be used as a positive advantage if correctly co-ordinated and included a comprehensive strategy plan."

With Mr Meese as head of the Justice Department "the relationship between the Drug Enforcement Agency (part of the Justice Department) and the Government of the Bahamas is a likely candidate to show progress," it was stated.

The group blamed the Pindling Government's image problem on the Bahamian political opposition which it said had used the American media to present "a very distorted and uncomplimentary picture" of the Prime Minister and his Government.

A recent drug smuggling inquiry tied two Bahamian cabinet ministers to known drug smugglers, and Sir Linden himself was found to have received several million dollars from business and casino interests in the Bahamas.

WORLD TRADE NEWS

EEC warns Greece to abolish petroleum monopoly practices

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE stands to face a European court case if it does not abolish monopoly practices in the petroleum market by January 1, 1986, Mr Peter Sutherland, the European Commissioner for Competition, warned yesterday during a visit to Athens.

The commissioner also confirmed that the European Commission will not grant an extension of import quotas, which Greece applies to a range of EEC products, beyond the end of this year.

The Greek Government has stated on record and also reportedly informed Brussels, that it is unable to dismantle the petroleum monopoly by the 1986 deadline, as prescribed in the Greek Treaty of Accession to the Community in 1981.

The state largely controls the supply of petroleum products for the domestic market.

Private refineries handle about 20 per cent of Greece's roughly 11m tonne annual consumption of petroleum products delivered locally but intended for consumption abroad; for example, fuel for foreign airline international flights.

Under the Greek Accession Treaty the regime was supposed to be liberalised during a five-year transition period at the end of which free competition would prevail, but this has not been done.

"The Commission's position is unambiguous. There is no possibility of extending the transition period. After January 1986 Article 37 of the Treaty of Rome against monopolies will apply," Mr Sutherland said.

The commissioner confirmed that import quotas which Greece has applied to several EEC products such as furniture, ceramic tiles and cigarettes to protect the domestic industries must be abolished by the end of 1985.

Algeria plans 37% increase in economic investment

BY FRANCIS GHILES

ALGERIA plans to step up investment to Dinars 550bn (£85.6bn) in its new five-year economic development plan which runs from 1985 to 1989. This is an increase of 37 per cent on the 1980-84 plan.

Half of this figure is earmarked for existing projects. The allocation to industry amounts to Dinars 174.2bn, of which Dinars 39.8bn will go to the oil and gas sector. Agriculture, housing, infrastructure and education have been allotted Dinars 79bn, Dinars 76bn and Dinars 90bn respectively.

The plan's launch was delayed by more than six months because of uncertainty over the country's foreign oil and gas income. Although this income held up well last year when it reached $12.5bn, and is continuing strongly, the Government remains extremely cautious about Algeria's external financial position. Servicing the $15bn plus (£11.7bn) foreign debt cost 36 per cent of exports of goods and services last year.

The delay in launching the plan explains why so few contracts have been awarded since last autumn. Several foreign bids for major contracts are, however, in the pipeline. They include:

- Entreprise Nationale du Metro is expected to announce the contract winners for the three tranches of the Algiers metro, the overall cost of which is put at $500m.
- A contract for the first desalination plant, worth about $80m, at Algeria's major gas and oil base near the Moroccan frontier at Arzew, is expected to be announced this summer by Sonatrach, the state oil and gas monopoly.
- Bids are being submitted for two chemicals plants valued at about $100m each: one will produce 40,000 tons of linear alkyl a year the other 75,000 tons of high density polyethylene.
- Bids are due before the end of July for two gas compressor stations worth overall about $100m. They are to be built at Ait Kheir, near Chardaia.
- A $70m contract to build barracks on several sites

Moscow changes trade priorities

By Patrick Cockburn in Moscow

THE SOVIET Foreign Trade Ministry has begun to change its priorities in awarding foreign contracts as a result of the economic reforms recently announced by Dr Mikhail Gorbachev, the Soviet leader.

Mr Gorbachev said that capital investment in re-equipping plant is to rise from one third to one half of total investment. Investment in new building and the rate at which obsolete equipment is phased out is to double.

Diplomats and businessmen in Moscow say that the Foreign Trade Ministry is in the early stages of planning a change in the type of equipment it orders from abroad.

Since 1982 the Soviet Union has cut back on machinery and equipment bought from the West as the major gas pipelines are completed.

Mr Gorbachev has been highly critical of the way in which imports from the West are handled, singling out the Petrochemicals Ministry as being particularly at fault. British companies are bidding at present for two turnkey petrochemical contracts.

Heavy investment in machinery and machine tools is likely to lead to more orders for such equipment from the West. It is not clear how the prospect for big foreign contracts will be affected by Mr Gorbachev's announcement that construction time for projects was far too long.

To fund the re-equipment drive, agriculture and energy are likely to lose their priority in the allocation of investment. They account for 55 per cent of total Soviet capital investment.

Former Gatt chief economist dies

M Jan Tumlir, chief economist at the secretariat of the General Agreement on Tariffs and Trade for 18 years and a noted academic, died at the weekend at his Geneva home, aged 58.

M Tumlir died of heart failure. He retired in February as Gatt's director of economic research and analysis, a post he had held since 1967.

Paul Cheeseright assesses efforts to create a better market share for the EEC fleet

Optimistic start for common maritime policy

TRANSPORT MINISTERS of the European Community yesterday started their efforts to put into place a common maritime policy. On the most optimistic reckoning, some elements of that policy could be in place by the end of the year.

The need for a policy is accepted. All ministers are concerned about the declining market share of the EEC fleet, and the national fleets which make it up. All are worried by what is seen as the rise of protectionism among developing countries seeking to develop their own fleets.

In the decade from 1975 the Community share of world tonnage has dropped from 29 to 23 per cent, while the share of developing countries has risen from 6 to 14 per cent. Within the overall EEC figure, the UK fleet has shown the most marked decline, while that of Greece has shown the most distinct rise, at least until 1981.

There has, then, been a generally cordial welcome for a memorandum from the European Commission setting out six measures which would form the elements of a maritime policy. The problem will be the individual directives, of which four are seen as priorities.

These are:

- A regulation which provides for the EEC to take co-ordinated action against restrictive practices preventing EEC vessels from having free access to cargoes. It would be possible to take action, such as quotas, against companies from the countries making the restrictions.
- An internal measure which would ensure that any EEC country can provide sea transport services throughout the Community which hits at the practice of countries, like France and Italy, reserving their coastal trade for their own companies. The practice of cabotage.
- Detailed rules for the application of the basic competition rules embodied in Articles 85 and 86 of the Treaty of Rome to sea transport. Liner conferences would be exempt under certain conditions.
- The imposition of duties on companies from outside the Community which are found to be injuring EEC companies through unfair trading practices like unduly low freight rates.

Mr Nicholas Ridley, the UK Transport Secretary, yesterday presented his EEC colleagues with a thinly disguised threat that Britain would close its coastal waters to their shipping unless they opened their own to British vessels.

"Political pressures at home will force me to take action—and I would hate to take it—closing our coasts to other member states," he told a council of transport ministers.

There are two other commission proposals, thought by member states to be of less than immediate importance. They relate to consultations when a member state signs a shipping agreement with a non-member country, and a measure to define the nature of a national shipping line.

"We shall not be credible in enunciating principles abroad if we are reluctant to apply them at home," Mr Stanley Clinton Davis, Commissioner for Transport reminded ministers yesterday.

But the logic may be less persuasive than the politics. It has become clear through meetings between officials, capped by the ministerial discussions, that priorities differ sharply among EEC countries.

France, Italy and Greece, for example, support immediate action to strengthen the Community's fleet in the world at large. They are less keen on liberalisation inside, at the sort of speed the UK requires.

Arguments are shaping up which will make it difficult for officials to reach a tentative agreement on the Commission proposals by the end of the year.

The arguments fit a pattern. The countries favouring internal liberalisation are those pushing for greater freedom in the EEC's internal market. They support a more liberal inland transport and aviation policy. They are countries like the UK, supported by the Netherlands.

Those more cautious about liberalising other aspects of transport, are also being more cautious about the internal freedom for the provision of sea transport services.

France is pressing for a Commission study of the competitive positions of fleets in the EEC. Italy is claiming that liberalisation will present difficulties — cost differences between EEC fleets must be evened out by harmonisations. Greece wants to keep cabotage for security reasons.

All of this suggests that the first elements of the maritime policy to go into place will be those dealing with EEC external relations, unless the liberalisers are successfully in trading off their assent to that for changes inside.

Man in a hurry takes hot seat in U.S. trade

BY STEWART FLEMING IN WASHINGTON

DR CLAYTON YEUTTER, the 54-year-old former president of the Chicago Mercantile Exchange who has been nominated the next U.S. trade representative, today makes his public debut in confirmation hearings before the Senate Finance Committee.

Dr Yeutter has the reputation of being a man in a hurry. True to form, he has recently been heard complaining that in the trade arena "all those problems are exploding and nothing is happening."

Dr Yeutter's inclination is to see the hearings as the political theatre which, in part, they are. The recent decision by Senator Lloyd Bentsen and Representative Richard Gephardt, two of the most influential Democrats in Congress, to sponsor legislation to impose a surcharge on imports is evidence that the Democratic Party sees trade policy as a political issue which can be turned effectively against President Ronald Reagan and the Republicans.

Moreover, many of the questions and comments from senators at today's hearings will be designed to impress constituents and voters at home, even though the man in the firing line will be Dr Yeutter.

Even accepting these qualifications, however, Dr Yeutter recognises that the Reagan Administration is being attacked even by its friends for failing to give the $123bn (£96bn) trade deficit, and its drag on the economy's performance, the priority it deserves.

Growing support for an import surcharge, for legislation to curb textile imports, and comments from influential Republicans questioning the Administration's emphasis on a new "trade round" in the General Agreement on Tariffs and Trade, are indicative of a widening gulf between Congress and the Administration which has deeper roots than party politics or posturing before the voters back home.

Dr Yeutter is known, however, to be sympathetic to some of those in Congress who have been growing impatient with the Administration on trade. He recognises the need to attack trade restrains, both internationally and bilaterally, but he believes that exchange rates are of much greater importance in determining trade paterns than trade barriers.

Dr Yeuter, however, sees no prospect of achieving exchange rate stability through attempts to return to a system of fixed exchange rates, partly because there is insufficient political and economic discipline among major trading nations.

Nevertheless, he would like to see financial and trade issues more closely linked in government - to - government meetings. He is known to support the idea of regular joint meetings of finance and trade ministers and calls for finance ministers to have a strong, but not direct, input into the Gatt negotiating process.

He could hardly have accepted his new job without backing the Administration's calls for a new Gatt round. But he has expressed reservations about the spasmodic nature of these international trade talks.

Ideally he would, for example, prefer that Gatt negotiations were continuous so that issues such as trade in services or barriers to investment can be addressed promptly. He also believes that Gatt needs to be strengthened by, for example, speeding up and making more effective its disputes procedure.

Dr Yeutter supports the multilateral trading system under Gatt, but is known to see no conflict between this and efforts the U.S. is making to develop a network of closer bi-lateral trade relationships.

The free trade area agreed with Israel is the first of these and talks with Canada on a U.S. Canadian free trade agreement are clearly going to be one of Dr. Yeutter's top bilateral trade priorities. Another will be U.S.-Japan relations, where tensions are on the rise again following the filing of trade cases by U.S. producers of semiconductors and aluminium.

The tensions surrounding the trade debate are also a worry for Dr Yeutter. He is known to be aware that backers of such "solutions" to the U.S. trade deficit as an import surcharge are advocating a concept which whatever its short-term benefits could be disastrous in the long-term.

As a problem-solver by temperament, Dr Yeutter will be anxious to reassert Administration leadership of trade policy and it would come as no surprise to see him supporting more aggressive moves by the Administration to achieve this objective.

Even some free traders in Congress are calling for the White House to initiate some well-chosen trade actions to demonstrate policy leadership.

But it may be within the Administration that Dr Yeutter will face some of his toughest battles. White House critics on Capitol Hill complain that the lack of a strong figure pressing the importance of trade issues within the White House explains why trade has yet to emerge consistently as a top priority.

Dr Yeutter may hope that the pressure of events will move trade to the front line as next year's mid-term elections approach.

But trade officials have been hard-pressed to assert themselves over heavyweights such as Mr George Shultz, Secretary of State, when America's strategic priorities are weighed in the balance against pressure to tackle a trade problem.

Exchange eases rule on outside holding

STOCK EXCHANGE authorities in London moved yesterday to relax rules limiting outside interests, such as financial groups, owning stockbrokers and stockjobbers.

Until now outsiders could own only 29.9 per cent of any one broker or jobber. If they acquired a 29.9 per cent stake interest in a stockbroker they could own only a 5 per cent stake in a stockjobber. If they acquired a 29.9 per cent stake in a stockjobber they could own only a 5 per cent stake in a broker.

The Stock Exchange ruling council told members yesterday that it had decided to allow outsiders to acquire 29.9 per cent in member firms irrespective of any other investments that they may have in stockbrokers or stockjobbers.

Member firms are also released from similar obligations after the publication of yesterday's rule. The shareholding rules were designed to ensure that single capacity was maintained in the stock market in which brokers, who act as agents for clients in the buying and selling of shares, could not act as jobbers or market makers.

□ HOPES of a break in the teachers' dispute emerged when the Association of Metropolitan Authorities (the employers) formally asked for a meeting with the pay negotiating committee. New talks are expected to lead a request to Sir Keith Joseph, Educatioo Secretary, for more money for the teachers in the present pay round.

□ BRITAIN'S main steel union has accused the Government and the British Steel Corporation (BSC) of using Common Market steel cutback targets as an excuse to pave the way for further UK closures.

Mr Roy Evans, general secretary of the Iron and Steel Trades Confederation, said on the eve of the unioo's annual conference in Jersey, that BSC was "hiding behind" the EEC to justify further plant closures.

□ THE NATIONAL Graphical Association, the craft print union, was fined a total of £15,000 for breach of court orders by its officials in a dispute with the Wolverhampton Express and Star newspaper group.

□ BRITISH Rail (BR) has told unions that it is determined to extend driver-only operation of trains in spite of the unions' refusal to negotiate.

ENGINEERING GROUP BEGINS TALKS WITH BANKS

Brown restructuring effort under way

BY CHARLES BATCHELOR

JOHN BROWN, the hard-pressed UK engineering group, appears to be making a faster than expected recovery from its problems. Yesterday the group surprised the City of London with an announcement that talks aimed at strengthening its capital base have begun with bankers.

John Brown's shares were suspended from trading at the company's request yesterday while the company and its bankers hammer out the details of a financial package, which is expected to be announced within the next two weeks.

At the suspension price of 32p the company is capitalised at £42m, more than double last year's low point.

Stockbroking analysts were puzzled by the company's initial announcement, wondering whether the early start to the talks was good or bad news. No moves had been expected from John Brown before the end of 1985.

Mr Allan Gormly, managing director of John Brown, said: "In our judgment this is a positive move. It is in no way a crisis-related development. Quite a few people have become privy to our proposals and we wanted to avoid the possibility of a leak."

The refinancing package is expected to involve the conversion of some of John Brown's bank debts into equity and the issue of new shares.

This would be used to reduce John Brown's high level of borrowings, at present about 3½ times the company's shareholders' funds, though the new funds may also be used to carry out an acquisition.

Analysts speculated that John Brown would want at least to double its existing shareholders' equity of £37m to around £80m. The company plans to accompany details of its refinancing with an early statement of its preliminary results for the year to March 1985. In December it reported a significant upturn in its performance.

It halved losses to £4.54m in the six months to September 1984 and said it expected further progress towards returning to profit in the second half of the year. John Brown has not paid a dividend since the 2.5p final for the year to March 1982.

The company has still to find a buyer for its U.S. machine tool subsidiary, Olofsson, which it had hoped to dispose of for $25m. The sale of this company does not form part of the financial reconstruction package, Mr Gormly said.

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Futures contract based on Ecu to be introduced by Liffe

BY ALEXANDER NICOLL

THE LONDON International Financial Futures Exchange (Liffe) plans to introduce a futures contract based on the European currency unit (Ecu), a basket of 10 EEC currencies weighted according to their share of EEC trade.

The announcement from the exchange, which is due to introduce its first options contracts on Thursday, follows the setting up of a working party including the major London commodity exchanges and the London Stock Exchange.

Research on the Ecu contract is due to be completed by the end of September, with start-up scheduled as soon after that as practicable.

Among the issues still to be considered is the scope for co-operation with a U.S. exchange. Liffe already has informal links with the Chicago Board of Trade but has avoided formal association with other markets.

Although no other exchange trades Ecu futures at present, both the Chicago Mercantile Exchange and the New York Cotton Exchange have applied to do so.

Mr Michael Jenkins, chief executive, said Liffe was "ideally placed" to introduce an Ecu contract, because its membership spanned the banking and commodity sectors. Research showed that there was demand for Ecu futures from both areas.

The Ecu is playing an increasingly important role in international capital markets, with borrowers and lenders seeking an alternative to the U.S. dollar because of its persistent strength and high interest rates.

Ecu-denominated bond issues have become more frequent and have been popular among investors because they offer a high yield but have a stable underpinning – the European Monetary System has seen no realignment of its member currencies for over two years.

Central banks have been seeking still greater expansion of the Ecu's role.

Liffe has offered currency futures since its inauguratioo in 1982 but only the sterling/dollar contract has attracted significant volume.

The Amsterdam-based European Options Exchange has announced plans to trade options on the Ecu.

U.S. agrees to new treaty on extradition

By Margaret van Hattem

THE BRITISH and U.S. governments have agreed on a supplementary extradition treaty intended to close the loophole through which those wanted in the UK for crimes of violence – notably related to Northern Ireland – have been able to take refuge in the U.S.

The agreement has boosted British hopes of securing the return of Mr Joseph Patrick Doherty, the man who escaped from jail in June 1981, two days before being sentenced to life imprisonment for the murder of a member of the SAS.

He was arrested in New York in 1983 but a federal court judge in New York last year refused a request for his extradition on the grounds that his crime was political.

The UK Government also hopes to bring to trial Desmond Mackin, Peter McMullen and William Quinn, all of whom are wanted on charges of murder or attempted murder, and have so escaped extradition on the grounds that the alleged offences were politically motivated.

Mr Leon Brittan, Home Secretary, said the treaty would deny fugitives accused or convicted of certain serious offences of violence the ability to avoid extradition on the grounds that their offences were political.

The supplementary treaty, to be signed in Washington later today, will have to be approved by both the U.S. senate and the British parliament before coming into effect. It will apply to offences commited before, as well as after, the date of signing.

Unit trust to shun tobacco investment

BY GEORGE GRAHAM

THE BRITISH Medical Association (BMA), the doctors' professional body, is backing a new unit trust which will not invest in tobacco companies.

The Professional Growth Trust, launched by fund managers Fidelity International, will initially be open only to doctors and dentists, but will be extended next month to the public.

Mr Barry Bateman, marketing director of Fidelity, said that the BMA wanted the fund not to invest in tobacco companies because of doctors' concern about the harmful effects of smoking. He said no worries had been expressed about other investments, such as breweries or companies involved in South Africa.

A "blacklist" of six British and 12 overseas stocks has been agreed between Fidelity and the BMA. In the UK they are BAT Industries, Rothmans International, Grand Metropolitan, Imperial Group, Molins and Bunzl.

American Brands, Culbro, Dibrell Brothers, Philip Morris, Loews Corporation, R. J. Reynolds, U.S. Tobacco and Universal Leaf Tobacco are listed in the U.S., along with four continental European companies: A. L. Van Beek, Rohte & Jiskoot, Obel and Amer.

Mr Michael Wrobel, who will manage the fund, said that excluding tobacco stocks would not unduly restrict his investment policies, which will concentrate in the UK. Tobacco companies comprised only about 4.5 per cent of the FT All Share Index, he noted.

Cost controls 'could save public sector up to £6bn a year'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

TECHNIQUES used by industry for controlling costs should be used much more widely in the public sector, the Confederation of British Industry (CBI) says in a 68-page report published yesterday.

The third report of the CBI's working party on government expenditure gives a detailed analysis of techniques, which it says have been applied successfully by companies, and which could save perhaps £6bn a year in public spending.

This saving would be released for tax cuts and for a major programme of road building and other infrastructure projects aimed to make industry more internationally competitive.

Mr Malcolm McAlpine, chairman of the working party and a director of the construction company, Sir Robert McAlpine, says in the introduction: "The rewards from greater public service efficiency are high. Improved efficiency is essential if we are to achieve higher standards of living and secure jobs for the future."

The report discusses the benefits of switching the emphasis from current public expenditure to increased capital spending, both in terms of the general prosperity of the country and the longer-term improvements of productive potential.

It emphasises the need to curb public sector pay increases and to move towards much greater use of incentive payments in the public sector.

Sir Terence Beckett, director general of the CBI, said that industry needed also to reduce the rise in wage settlements. However, in the past few years manufacturing companies had been able to offset wage rises to a considerable extent through higher productivity.

Some of the techniques which the CBI would like to see applied to the public sector include:

- Overhead value analysis: This involves detailed evaluation of the overheads which back up the "front line troops," whether production workers or those actually providing a public service. The idea is to encourage managers to identify actual overhead costs and possible savings.

The report gives examples from Barclays Bank, where the Bullion Department saved between £1.8m and £2.5m a year by reducing the number of bank notes held by local branches.

Barclays also saved £650,000 a year by gathering overseas mail at one point for handing over to the Post Office.

- Computerisation: Private sector use of computers and word processors have led to substantial manpower savings the report says. The Guardian Royal Exchange insurance group is quoted as an example which has achieved a 20 per cent increase in the volume of work without hiring more staff.
- Work measurement: Detailed assessments of staffing and staff requirements can lead to savings with part of the benefits being passed on to existing employees.
- Contracting out: The report says that competitive tendering for public sector cleaning, catering and other services can reduce costs by increasing competition.

Anglo-Irish talks raise issue of security services' integrity

BY MARGARET VAN HATTEM

A CONFIDENTIAL report which casts fresh doubt on the integrity of the Northern Ireland security forces over their handling of the Kincora boys' home affair in Belfast could have an important influence on Anglo-Irish negotiations over the future of Northern Ireland.

The whole question of the integrity of the security services, and the problems of making them acceptable to the North's minority nationalist community, are at the heart of the present stalemate in the Anglo-Irish talks.

The report, by a former British army intelligence officer, is dated November 1974 and comments on the failure at that time of the Royal Ulster Constabulary (RUC) to investigate complaints about the treatment of boys at the Kincora home in Belfast.

It raises the question that police might have been obeying instructions from senior political or police figures not to do so.

The report refers to the events at the home which led, several years after the report, to the conviction of a staff member for sexually abusing his charges. The report refers to a number of complaints made about the home and the RUC's failure to act on them.

"The apparent lack of interest by the welfare authorities and the RUC is quite remarkable," it says. "I find it very difficult to accept that the RUC consistently failed to take action on such serious allegations unless they had specially received some form of policy direction.

"Such direction could only have come from a very high political or police level."

The report's allegations of a cover-up have been made by others involved in investigating the Kincora affair. But this is the first indication of official concern at such an early stage.

It is signed J. C. Wallace, at the time listed as senior information officer at Thiepval Barracks, the British Army headquarters near Lisburn in Northern Ireland. He is known to have worked for the Information Policy Unit, which specialised in propaganda and psychological warfare, and is now serving a prison sentence for manslaughter unconnected with his time in Northern Ireland.

The RUC, which only recently obtained a copy of the report, has taken it seriously enough to have reopened its own investigations into the Kincora affair.

The report's emergence at this stage is likely to increase pressure from Dublin for a much greater degree of scrutiny and accountability in the Northern Ireland security services.

In recent months, talks between the London and Dublin Governments appear to have resolved many of the broader problems over the North to tha point where a framework agreement for a new Anglo-Irish relationship is virtually complete.

Previous sticking points, such as Dublin's insistence on establishing a tangible presence in the North, and Britain's insistence that any Irish role should be "consultative" rather than "executive", appear no longer to be at issue.

The problem now threatening to sabotage the whole process is the inevitable question of control and scrutiny of the security system, encompassing courts, army and the police.

Irish government insistence on a radical reform of the security institutions appears to be meeting a blank wall of silence in London. British ministers, say the Irish, refuse to discuss the matter.

Dublin insists that it cannot more overtly support the security forces, nor press the northern nationalists to do so, unless there is forceful – and more important, visible – action to ensure that official misconduct and injustices are more openly dealt than in the past.

British ministers, some of whom concede in private their deep misgivings about certain elements in the RUC, the judiciary and the part-time Ulster Defence Regiment, are extremely wary about taking any action which might damage their morale.

There has been no attempt to deny recent reports that the Ulster judiciary, headed by Lord Chief Justice Robert Lowry, has made it clear to Mr Douglas Hurd, Northern Ireland Secretary, that they will not co-operate in any attempt to establish joint North-South courts to try terrorist crimes.

On the contrary, some members of the UK Government ere concerned that Mr Hurd and Lord Hailsham, the Lord Chancellor, should not appear to be giving in to judicial blackmail.

Attempts to authenticate the dates on the Wallace report, or to confirm that it was presented to superior officers, have proved inconclusive. However, former Ministry of Defence officials, who were serving in Northern Ireland at the time, have confirmed that it is essentially similar to several other reports made by army intelligence staff at the time and contains nothing new to them.

Shorter life forecast for Frigg gasfield

By Dominic Lawson

THE ANGLO Norwegian Frigg gasfield, which supplies the UK with a third of its gas, could run out of gas two years earlier than expected, after a downgrading of its reserves.

British Gas Corporation, which buys all the Frigg gas, had become worried that the field did not contain as much as its original reserve estimate of 227bn cu metres, and felt that the field might hold no more than 170bn cu metres. The fears occurred when more water than expected began to appear in the wells.

After the drilling of a series of observation wells on the field, a firm of independent consultants, MacCord and Lewis, said that they believed the field contained only 185bn cu metres.

If the field continues to be depleted at its present rate, this would mean that the gas would run out late in 1989, rather than the original date of 1992. But British Gas may request that the field is depleted at a slower rate, thus spinning out the gas for the original period, but at annual volumes cut by about 15 per cent.

This will not provide British Gas with too many problems since it is well stocked with gas available up till 1992. But British Gas still fears that it will not have enough gas to meet domestic demand in the second half of the decade after the Government's veto of its plans to buy $30bn of gas from Norway's Sleipner field.

Human Rights Court hears claim over 'unfair' compensation

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN STRASBOURG

THERE WAS a "latent contradiction" in the British Government's approach to claims by former shareholders in nationalised aircraft and shipbuilding companies that they were grossly under-compensated for the loss of their holdings, the European Court of Human Rights in Strasbourg was told yesterday.

Counsel for the shareholders said that in 1980 the Government had acknowledged in parliament thet the 1977 Aircraft and Shipbuilding Industries Act had given "grossly unfair" compensation and unjustly enriched the state at shareholders' expense.

Yat it now argued that the Act had struck "a fair balance" between the public interest and the shareholders' rights and resulted in compensation reasonably related to the values of the expropriated holdings.

The Government did not face thet the compensation had been as low as a seventh of the value of the property when taken, counsel said.

Eleven former shareholders, who received a total of £125m, are seeking more than £455m in additional compensation and interest. They argue that the manner in which they were compensated violated their property rights protected by Article 1 of the First Protocol to the European Human Rights Convention.

Their case, which is strongly contested by the Government, was rejected by the European Human Rights Commission last year and has come to the Strasbourg court for a final ruling.

The claimants are: Sir William Lithgow, who held a substantial holding in John G. Kincaid & Company; Vosper, in respect of its subsidiaries Vosper Thornycroft (UK) and Vosper Shiprepairers; English Electric Company and Vickers, which jointly owned British Aircraft Corporation (Holdings); Vickers, in respect of its subsidiary Vickers Shipbuilding Group; Yarrow, which owned Yarrow (Shipbuilders); Dowsett Securities, Investors in Industry and the Prudential Assurance Company, which were joint owners of Brooke Marine, an East Anglian shipbuilding company; and Banstonian Company and Northern Shipbuilding & Industrial Holdings, which owned Hall Russell & Company.

At the heart of their claim – the largest yet made against the UK under the Convention – is the fact that the valuation for compensation purposes was based on a hypothetical stock market quotation of their unquoted shares over a six-month period to February 1974. It was not based on their market value at nationalisation in 1977.

The shareholders contend that in those three years their companies grew substantially – in some cases spectacularly – but the Government had persistently ignored that increase in value, retaining a rigid and inflexible compensation formula based exclusively on 1974 values.

The use of the hypothetical quotation had treated every share as having an equal and equally low value, irrespective of the size of the holdings, some of which had been 100 per cent, and of the fact that the Government was taking all the shares in each company.

In a joint submission to the 19-judge court, the shareholders said that the case, the first in which nationalisation measures have been looked at in the context of the Convention, was of peculiar importance to Britain.

The UK was unique among the 21 Convention signatories in having no written constitution and no legally enforceable Bill of Rights defining where state power ended and the fundamental rights of the individual began. It was also among the minority that had not incorporated the Convention into national law.

Therefore, "British citizens have to depend entirely upon the Convention and, ultimately, upon this court, to provide an effective remendy for the violation of their right to be paid fair and just compensation," the submission said.

If the Article 1 protection on which the shareholders relied were illusory, the people of the UK would be at risk of again being treated grossly unfairly by a future government without hope of any legal remedy.

"For if the UK Government were successful in shielding itself from any liability in the present case, it would mean that even what the Government admits to be grossly unfair treatment would be irremediable," the shareholders argued.

Private investors in Britain, they added, were a specially vulnerable group, needing the protection of the Strasbourg court.

The Government will put its case to the court today.

Walker rejects plea for miners

By Kevin Brown

MR PETER WALKER, the Energy Secretary, rejected Labour demands for Government action to force the National Coal Board to re-employ Scottish miners dismissed during the coal strike. Mr Stan Orme, Labour's energy spokesman, said the refusal to re-hire 203 Scottish miners was "outrageous."

Mr Michael Foot, the former Labour leader, said the coal board's refusal to take people back would poison industrial relations in the industry, possibly for years. "You have the right to intervene. Why do you not do so?" he asked.

Mr Walker insisted that dismissal cases were being reviewed by management in all coal board areas, including Scotland.

He said 9,808 miners had been arrested during the strike. More than 7,000 had been charged; and of 5,653 cases heard so far 4,318 had been convicted. "It is against these figures that we must recognise that 1,019 were dismissed. The board has been reviewing dismissal cases, and 414 of those miners have been re-employed," he said.

Mr Walker said a report by the all-party House of Commons select committee on employment, which called for a new national review of dismissals, had been widely condemned for failing to refer to violence during the strike.

UK NEWS

John Lloyd discusses the options on tougher labour laws

Dilemma over union reforms

REFORM OF industrial relations law has been seen by the Government as the jewel in its crown – cheap, popular and effective. Now, Mr Tom King, the Employment Secretary, has e problem; does he ensure success of legislative by adding to it or by leaving it alone?

Mr King has mooted two main areas of change – the iotroductioo of a ban on strikes in essential services, and the extension of union members' rights.

In setting out bis ideas oo possible further legislation io a speech to political correspondents last week, Mr King highlighted rather than resolved the problem. This was not surprising, for the argument on whether or not to go ahead is much more finely balanced than at any time in the past six years of Tory governments.

There are two main political questions. First, is it better to legislate before or after the next general election? That event is still at least two years away, but it begins to determine legislative priorities. Conservative politicians must oow calculate whether it is better to go to the country pledged to do the kind of things Mr King has outlined, or remain with the law as it stands.

Second, and perhaps more important, new legislation is being mooted at e time wben it begins to be clear that at least some unions are willing to live with, even welcome, parts of the legislation embodied in the 1980 and 1982 Employment Acts and 1984 Trade Union Acts.

The Civil and Public Servants Association will propose to the annual meeting of the Trades Union Congress (TUC) in September that it reviews the legislation to see which parts should be repealed and which parts kept by a future friendly administration.

Many right and centre-led unions now intend, or would like, to take government money available for the conduct of postal ballots.

The argument runs – and it is strong on the "wet" (liberal) side of the Conservative Party – that it is better to encourage the "new realism" in the unions by leaving well alone, than to isolate and expose these union leaders by advocating still more, unwelcome reforms. This might cause them to run for cover before they were branded as government lackeys by the left.

This debate is far from over. While it rages, Mr King must turn his mind to the detail of the changes which be may bring in. We shall be able to judge his success when be issues e consultative paper on the legislation – but that will certainly not be this side of the summer parliamentary recess, and may be some time after it.

The consultative paper will in part be about the Government's pledge, still unfulfilled from its last manifesto (election policy statement) to consult on the limitation of strikes in essential services. Although most often mooted, it remains still the least likely area for reform for the problems surrounding legislation are legion.

How are essential services defined? What compensation is made for the loss of the right to strike? Could it sour, rather than improve, relations in industries such as electricity, gas and others where they are generally stable anyway? Is it, in sum, really necessary?

The other elements appear to be rather more creatures of the moment, deriving from the events of the year-long miners' strike or from the recent experiences of the Transport and General Workers' Union (TGWU).

Mr King seems to be planning to give unioo members more individual freedoms; e right to work, without retrospective disciplinary action during a strike, further protection against dismissal for refusing to join a union where e closed shop (compulsory union membership) exists, and a right to elect officials at district and area levels and to have published the results of branch voting.

The first of these clearly derives from the experience of the miners' strike, although opinion in the industrial relations sector to discriminate further in favour of a non-striking minority, even where a strike had been called in strict compliance with the Government's own legislation, weakened the possibility of strong, responsible and disciplined unions.

On closed shops little apparent concern has emerged recently – especially since ballots on their maintenance have, in many plants, gone ahead despite official union opposition. At the same time, many managements have not pushed the issue because they are fearful of union resistance, or because they think it unimportant. The system, detested on civil libertarian grounds by many on the right, remains widespread.

Wider election of officials and publicatioo of branch voting figures are issues thrown to the fore by the recent TGWU election campaign. Mr King was faced with much hostile comment from the right, to the effect that his 1984 Act did not address itself to abuses seen as manifest.

The present debate within the National Union of Mineworkers on whether or not Mr Arthur Scargill, its president, should be subject to periodic re-election has also encouraged many on the right to close the loophole he bopes to exploit.

This mixture of themes and concerns is at present at e tentative stage and the subject of discussion and argument at political and official level. The Department of Employment will introduce e bill oo wages councils, the bodies which set minimum pay rates for the low paid in the 1985-86 either abolishing session, or amending them.

That is likely to pre-empt further legislation in what is already e full timetable. The 1986-87 session is the first real chance of its introduction – but that will depend on the outcome of some sophisticated political manouevering by both Government and unions.

'Majority opposes' electricity sell-off

BY MAURICE SAMUELSON

MOST PEOPLE, including a majority of the Government's own supporters, oppose privatisation of the electricity supply industry, according to a report by NOP Market Research.

Although there are no plans for privatising electricity during the present parliament, the Government is committed to opening it to greater competition. Sir Walter Marshall, chairman of the Central Electricity Generating Board (CEGB), said two weeks ago that he regarded it as a logical sequel to the sale of the gas industry and that he would prefer it to be sold en bloc, rather than piecemeal.

The survey found that 83 per cent of those canvassed were satisfied with the industry overall and that only 25 per ceot believed that privatisation would lead to lower prices and better efficiency.

The random survey of 1,079 household heads and housewives was commissioned by the nine trade unions comprising the Electricity Supply Trade Unions Council (Estuc).

Launching the report at a London press conference yesterday, Mr John Lyons, secretary of Estuc, said the council was encouraged by its results. "It shows that, while there is always room for improvement in how the electricity industry serves the public, overall it is recognised by the vast majority as doing a good job."

The survey showed that most people would not see any particular advantage to them if the industry were de-nationalised. In view of the Government's commitment to privatisation, NOP was also asked to compare the attitudes of its supporters and those of other parties towards the electricity industry.

Whereas 55 per cent of Conservative supporters favoured privatisation in general, the poll found that an even larger proportion of pro-Conservative opinion (57 per cent) agreed that "electricity is an essential service so it should stay in public ownership."

Conservative supporters also seemed to be more taken aback than other sections of public opinion by the idea that electricity might be a candidate for privatisation. Only 31 per cent of Conservative supporters had been aware of it before the survey was carried out, compared with 41 per cent among Alliance supporters and 37 per cent Labour supporters.

On the key issue of how de-nationalisation might affect electricity prices, the poll found that 61 per cent of those canvassed saw no price advantage in it, and that 38 per cent would expect privatisation to raise prices.

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Plant and Machinery

David White in Madrid reports on Japanese industrial involvement

Growing yen for investing in Spain

SPANISH people work harder than Germans sometimes, maybe harder than the Japanese: a surprising statement? Most Spaniards would think so, especially considering where it comes from. However, Mr Shinichi Takagi, managing director of Sony's recently expanding manufacturing operations in Spain, is adamant.

"It all depends on the management and the system within which the people work," he argues. "The quality of the workers is very good. At jobs where they use their hands, they are exactly the same as Japanese girls. The problem in Spain is that there are few people who know how to make things correctly. Once you tell them how to do it, and once you know how to motivate the people, things work."

Sony, the first company to assemble video recorders in Spain, is part of a wave of Japanese interest in a country where up to the 1970s Japanese companies were virtually absent. The inflow has accelerated since last year, to the extent that Spain is the biggest recipient of Japanese industrial investment in Europe.

Withio two or three years, Sooy aims to have the same level of productivity in Spain as in a factory of similar size in Japan and "possibly higher," says Mr Takagi.

Jepanese subsidiaries and joint ventures are already exporting their products from Spain to the EEC, and will be doing so more after Spanish eotry next year.

According to Japanese officials investment in Spain pessed $200m (£155.5m) last year, more than to any EEC country and amouoting to e third of Japan's total industrial investment in Europe. This was mainly because of Nissan, which in Spain has the first vehicle plant in Europe under majority Japanese control. However, last year there were 17 other industrial operations, either wholly or partly Japanese-owned, in sectors ranging from chemicals to construction with a combined workforce of 13,000. Only West Germany had more Jepanese companies, and that by a small margin.

Japanese banks have been increasingly active in Spain, and Japanese and Spanish companies are joining forces in plant construction projects in North Africa and other developing regions.

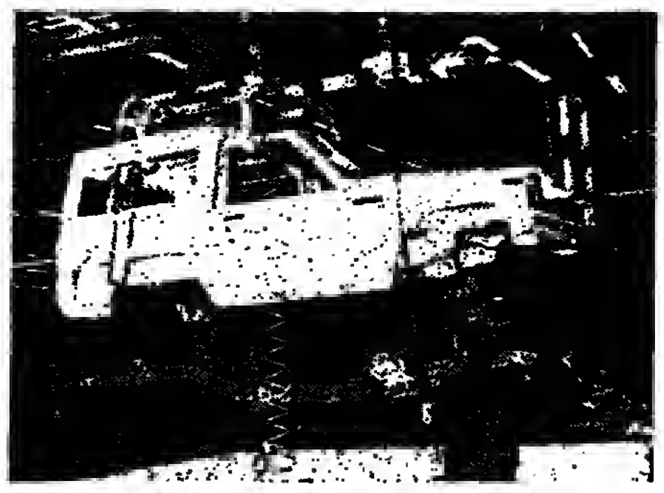
Companies with established interests heve been stepping up their involvement. The latest example is Fujitsu, up to now a minority partner in Secoinsa, an electronics company. It is merging a subsidiary of its own with Secoinsa, taking 60 per cent control of the new company, and will start assembling medium-size computers.

Sanyo, through a Spanish company in which it has a 37 per cent holding, is on the point of following Sony into video production. These ventures are solidly backed by the Madrid Government, which has declared electronics a "preferential" sector and is offering tax rebates and other incentives on top of the usual waiver of duties on imported components.

Along with U.S. companies, the Jepanese are taking an increasing share of foreign investment es Spain seeks partners to bring in new technology and boost the export sector. In a field such as electronics, the main European groups are already present. Once Spain is in the EEC and removes its import barriers, they may see little reason for moving more production there. The Spanish are therefore tending to look elsewhere.

The Spanish Industry Ministry has warned investors it will have less leeway after EEC entry to provide them with special conditions such as import-duty relief. It has thus effectively put pressure on prospecting foreign companies to make their commitments before the membership date of next January.

For Japanese investors, there are two reasons for producing in Spain. One is the size and potential growth of the Spanish market, where import curbs have made it difficult or impossible for Japanese companies to sell directly. The other is the possibility of using Spain as an export base, benefiting from wage levels below those of the EEC and from a relative lack of difficulties with trade unions.


Spanish prodnction line for the Nissan Patrol

However, there are bureaucratic end legal drawbacks. Although Spain has now changed its rules to provide automatic and rapid approval for most kinds of investment, projects have been subject to delays and a mess of red tape.

Furthermore, EEC entry will pive Spain duty-free access to the Community only at the end of a seven-year transition.

The logic of using Spain as a place to produce cheeply for the EEC is therefore disputed by some Japanese companies, Sony among them. Mr Takagi maintains that if Sony wanted an EEC production base it could step up its operations in the UK or West Germany rather than Spain.

Sony's strategy, he says, is to produce where the market is, and the market in the Iberian peninsuler is reletively unsaturated.

"It does not make sense to use Spain as a production base for Europe," Mr Takagi argues, dismissing the idea of Spain becoming e Trojan horse for Japanese products in the EEC as "ridiculous, stupid imagination."

However, Sony is scheduled to export between 20 and 25 per cent of its production, depending on the product, es part of its agreement with the Spanish authorities.

Sony added video and colour TV sets to its audio production lines near Barcelona last year. It is now increasing the portion of local components, currently only about 10 per cent for video recorders. Its sales, expected to be about $30m this year, could multiply three or fourfold—"if we really reach the final stage."

The note of doubt reflects the depressed state of Spanish consumer spending and the question of where the Spanish plant will eventually fit into the group's Europe-wide plans.

By contrast, the Nissan motor group went into Spain with the clear idea of converting a troubled commercial vehicle company, Motor Iberica, into an export production base. The four-wheel-drive Nissan Patrol, made in Barcelone since 1983, is being sold in France and Italy and the company will start exporting to other countries in July. Next year 60 per cent of Patrol production is due to go abroad.

However, the venture has proved expensive. The market for Motor Iberica's vans and tractors is in a state of collapse, and the company has been losing money ever since Nissan first bought a stake in 1980. Last year's loss is estimated et more than $50m.

In the past 12 months Nissan has pumped in about $125m in new shares and convertible bonds, three times its initial investment. Now 87 per cent in control, Nissan does not expect profits from the venture before the year after next, at the earliest.

"We did not foresee such a serious and long depression," says Mr Shizuka Kaneko, first vice-president and top Japanese representative in the company. Nissan has asked the Madrid Government for soft loans to carry through e viability programme in which it plans to shed 1,000 of the 7,000 jobs at the plant.

Nissan has decided to move in more Japanese managers. There are still only 15 in permanent posts, but, says Mr Kaneko, "they are key men in each important area."

Although, like Sony, Nissan says the products it has introduced in Spain are up to Japanese quality standards, productivity cannot be compared because of the relatively low degree of automation.

Three or four years after EEC entry, the degree of protection of the Spanish markets against competition from other Community countries will cease to be significant. That will be a moment of truth for Motor Iberica — and possibly for other Japanese investments in Spain.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

FROM little acorns great oak trees grow. That cliche would have been a fair description of what the UK venture capital industry was trying to achieve a year or so back.

But all that is beginning to change as the acorns get increasingly large and complex. Instead of backing start-up ventures which begin with the kernel of a commercial idea and gradually evolve, a number of venture capital groups are now putting their money into start-ups which—though they have no track record—are structured like fully fledged companies and accordingly need large sums.

These deals form a striking contrast to the industry's traditional attitude to start-ups—open with a small stake and only increase your exposure when the venture starts to prove itself—and mark an important step in its development.

"In the old days, people took comfort from investing a little at the start and waiting until the entrepreneurs had worked for them for a while before putting in more," says Peter English of the merchant bank Robert Fleming's Venture Capital Unit, which has been involved in two large start-ups recently. "Now there is a recognition that by making sure that the deal is properly resourced right from the start, you make it less, not more risky."

Examples of such ventures to emerge in the past three months include: Data Magnetics, which raised more than £10m to exploit advanced technology for data storage in personal computers; Integrated Ceramic Components, which attracted £4m to make fine ceramic electronic devices; and Disc Technology, which pulled in £2.25m to set up a compact disc-making factory. Another two £10m-plus start-ups, an electronics and a health care venture, are believed to be under negotiation. To put their size into perspective, the average investment made by leading UK venture capitalists in 1984 was just £270,000.

Venture capital

Sharing the larger risks

William Dawkins reports on a recent trend in financing

LARGE SYNDICATED START-UPS

COMPANY			INVESTORS
Integrated Ceramic Components	£4m (£1.1m equity)	April 1985	Murray Technology Investments/Citicorp Venture Capital, Scottish Development Agency
Data Magnetics	£10m (£5m equity)	April 1985	3i Ventures, Baronsmead Venture Capital, Citicorp Venture Capital, Metal Box, Rodime, Welsh Development Agency
Elmvine	£2.5m (all equity)	March 1985	Quadrant, Beaumont, Buckmaster, Castleforth, Causeway, Electra Risk Capital, Guinness Mahon, Lazard, Mercury—all BES funds
Deeside Aluminium	£5.4m (£2.3m equity)	November 1984	Lazard Development Capital, Welsh Development Agency, Charterhouse BES, Castleforth, Quadrant, Singer and Friedlander BES

Source: Venture Economics

These deals have in common several qualities which point to a growing sense of professionalism among entrepreneurs and their venture capital backers.

● They are all syndicated between several partners—six in Data Magnetics' case and five for Integrated Ceramic Components—in contrast to the traditional pattern whereby a single backer gets in at the start and calls in partners for later rounds of financing. Indeed, syndicated deals were almost unheard of in the industry's earliest years, when the main players had no track record and were unsure of each other.

● They tend to start with complete management teams, rather than acquiring executives piecemeal as the business develops. Most of the key posts are filled right from the outset by experienced executives, who have already proved themselves in related, often larger, companies. Integrated Ceramic Components, for instance, includes in its team Robert Musham, former general manager of Murata Erie Electronics (UK), the Japanese electronic components group, Douglas Mellor, former marketing manager of STC Exeeta, the printed circuit board maker, and John Deller, a former engineer with STC Components.

● They all specialise in narrowly defined, high technology markets, with the exception of Deeside Aluminium, an ingot extrusion group set up with £5.4m last November by a former Alcan Aluminium executive. "We are all taking more of an industrial focus to investment opportunities," says Tony Diment of 3i Ventures, lead investor in the Data Magnetics and Disc Technology deals.

● All of the companies involved are manufacturers, rather than the service groups which have been so widely acclaimed as having a leading part to play in the UK's economic future. The deals have to be large because of the high capital costs involved—Data Magnetics, for example, is spending £4m on equipment alone.

Like so much else in the British venture capital business, these large syndicated start-ups echo U.S. experience, where successes like Apollo Computer of Massachusetts and LSI Logic, the silicon chip producer, were founded on exactly the same lines.

In the UK, the first example in recent years is Rodime, the Scottish computer company set up by a former Burroughs executive in 1980 with £1m backing, though that all came from one investor, TDC Developments, now renamed 3i Ventures. This time last year, Integrated Power Semiconductors, another Scottish start-up, pulled in £15.1m from six institutional investors, and is expected to be raising another £7m within the next few months.

"It's certainly the way the game is being played in the U.S.," says Richard Hargreaves of Baronsmead Associates, another investor in Data Magnetics. "But it's a bit more of an act of faith here, because almost by definition you have to have businesses which sell internationally," which is less true, he points out, of high technology companies starting life in America's much larger domestic market.

Union of bright ideas and money

"BRITAIN is superb at coming up with ideas, but not very good at getting them into the commercial market place," observes Kit Grundy, a 29-year-old patents lawyer.

On the strength of that widely accepted philosophy, Grundy and Charles Dawes, 45, a former shipbroker, have built up a service over the past three years putting inventors in touch with potential manufacturers. They expect to make a £100,000 pre-tax profit in the 12 months to next April on turnover more than tripled to £350,000.

Their company, Inventalink, based in the West End of London, is an example of how small service businesses are often well equipped to follow up market opportunities which are too specialised to be of interest to larger groups.

Inventalink, however, has not grown in quite the way that its founders planned. In that sense, it is also an illustration of how important it can be for a business to be flexible enough to follow routes that were never envisaged in its original plans.

Dawes, a part-time amateur inventor, dreamed up the idea of Inventalink while working for the oil group, Amoco. He had tried with little success to license one of his inventions—a portable electronic transmitter for yachtsmen in distress—an experience which suggested that there could be scope to assist others in his predicament.

Grundy, who was then working for the patent agents Carpmaels & Ransford, knew Dawes through their mutual interest in sailing and found the idea equally tempting. "A link was missing between industry and some of the inventions that came across my desk," he says.

Like the people they were planing to advise, they had plenty of technical knowledge but little marketing skill. A mutual friend (who happened to be a headhunter) introduced them to Richard Paine, 55, former managing director of Dorland Advertising's Italian associate company, who was looking for a job in the UK.

Private inventors needing manufacturers proved to be Inventalink's bread and butter in its early days. One of the earliest was Philip Wilson-Haffenden, the retired director of a family-owned producer of rubber goods who had invented an insulated glass fibre flat roofing material, inspired by the qualities of the glass fibre he used for rubber moulds.

"I needed an intermediary," says Wilson-Haffenden, who employed Inventalink to license his product to Sealheat, a Melksham-based roofing supplier. Sealheat has since franchised it to 35 others and, with Inventalink's help, licensed it to companies in the U.S., Canada and Mexico.

That kind of work still accounts for 70 per cent of Inventalink's revenues, but its fastest-growing activity—to the founders' great surprise—is now assisting companies looking for outlets for their own products, or conducting searches for businesses looking for inventions to add to their existing lines. "It's not an area we were looking for," admits Paine, who believes that it could eventually account for more than half of Inventalink's business.

The reasons given by Altec Edeco—a joint venture between the oil production equipment group Edeco Holdings and Altec, an energy conservation consultancy—for hiring Inventalink give a clue as to why this is so.

Altec Edeco has taken on Inventalink to act as U.S. agent for its heat battery, a small plastic cushion which heats itself up and stays hot for three to four hours when the gel it contains is activated by a needle. The joint venture wants to licence it to a U.S. manufacturer which might incorporate it into a larger product. Possible applications include sports, survival, health and domestic heat storage.

Roger Forge, Altec Edeco's deputy managing director, points out that the company is so busy refining and marketing the product in the UK that it cannot afford the time to explore the U.S. Like many small businesses, Altec Edeco faces a choice between ignoring an important market and paying for outside help.

"Our marketing expertise is being run threadbare in the UK, let alone the U.S.," says Forge. "They are doing something for us which we will develop for ourselves in the future, but right now it's a question of getting started."

WD

In brief . . .

VERY few companies realise the savings that can be made from farming out unused factory space to small businesses, according to a report published last week by the Small Business Research Trust.

The study, based on 14 case histories and a telephone survey of 300 businesses in West Yorkshire and the West Midlands, points out that subdividing spare space and letting it to small ventures can bring very quick rewards for landlords.

The 14 companies which had made use of their spare floorspace in this way showed an average of 144 per cent return on their investments in the first year since making the subdivision. Partitioning and refurbishment cost them an average of £1.30 per square foot of floorspace, which compares with new unit construction costs of £25 per square foot, says the survey.

"Struggling companies, operating below capacity, are not the only ones to gain," point out the authors, Dr Howard Green of Leeds Polytechnic and Paul Foley of Sheffield University. "Highly productive and innovative firms often enjoy similar scope for turning unused space into income, for example when changing cumbersome out-dated equipment for new, compact machinery."

Subdivision of spare space is mutually beneficial to the landlord who needs to put a redundant overhead cost to good use and to the tenant in search of cheap premises, but planning and fire safety regulations can often get in the way, says the study. Green and Foley plan to publish a practical handbook with the trust early next year.

The report, Putting Spare Space to Work, costs £5 from the Small Business Research Trust, 3 Dean Trench Street, London SW1P 3HB.

●

TENDERING for Government Contracts is the title of the latest booklet published by the Department of Trade and Industry's Small Firms Service.

It describes the type of goods and services that government departments buy, how to apply for contracts and whom to approach in the major purchasing departments. The booklet is available free from any local Small Firms Centre, which can be contacted by dialling the operator and asking for freephone Enterprise.

Group structure—or separate companies?

TAX FOR THE GROWING BUSINESS

IF YOUR business is expanding you may have to decide whether to keep all your trading activities under one roof or whether to split them among a number of companies.

You can do this in two ways: either by creating associated companies each of which is separately owned by you; or by establishing a "group," in which you own the parent or holding company, and it owns the subsidiaries. In many cases it may be tax-efficient if the parent company itself carries on a trading activity as well as owning the subsidiaries.

A group will usually qualify for some special tax reliefs denied to associated companies. There is, however, no single test to determine what is a group for all tax purposes. There are common elements to the many different tests and the obvious one is the direct or indirect ownership by the parent company of a specified proportion of a subsidiary's shares. In some cases, this is at least 75 per cent; in others it is more than 50 per cent.

Trading losses and certain other deductible items arising in one 75 per cent-owned company may be set against the profits of another. They can, however, only be claimed for losses and profits arising in the concurrent or overlapping accounting periods of each company.

This relief does not extend to capital losses and profits, but capital assets can be transferred between 75 per cent-owned group companies free of Capital Gains Tax. In this way, assets to be sold outside the group can first be centralised in one company and losses on their disposal set against that company's trading profits.

When a company pays a dividend, it must usually pay advance corporation tax (ACT) of three-sevenths of that dividend. But a more than 50 per cent owned subsidiary may pay a dividend to its parent without attracting ACT. Other payments like interest on inter-group loans and royalties, from which 30 per cent basic rate tax must normally be deducted, may also be paid gross between such group companies.

The ACT paid by a company can be set against its eventual corporation tax liability. A parent company, in a 50 per cent plus group, may pass the benefit of its ACT relief to a subsidiary, which may then use the ACT to reduce its own corporation tax.

A reduced 30 per cent rate of corporation tax is charged where a company's profits do not exceed £100,000, rising gradually to the full 40 per cent rate when profits exceed £500,000. Those limits are not applied separately to each group company, but instead are divided equally between them. So it is important to be aware of how your profits are spread around the group.

A group structure may make it very much easier to sell off a separate trade. Moreover, the commercial failure of one group company will not automatically prejudice other activities in the group. While the administration of each activity or project may be easier if they are in separate companies, they all need to provide separate Companies Acts returns, records of board meetings and other official documentation—an administrative burden which does not arise to the same extent when a single company structure is used.

The concentration of several activities in one company, as an alternative to a group also has a number of tax attractions.

● In general, carrying on several trades through one company allows capital allowances to be maximised;

● It often simplifies the tax work and thus reduces professional costs;

● The possibility of mismatching profits and losses and of suffering timing disadvantages—for example, paying tax in one company before obtaining relief through another—is reduced or eliminated;

● The treatment of capital gains and losses is simplified.

Ownership of a group of companies may have its attractions but careful planning and thought is required before embarking on that course.

Malcolm Gammie

Malcolm Gammie is director of national tax services at KMG Thomson McLintock.

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THE ARTS

London Galleries/William Packer

Drawing conclusions from Bonnard's sketches

A definitive collection of Bonnard's drawings, spanning almost the entire career, is in the possession of Alfred Ayrton who most generously has allowed the Arts Council to send a selection from it, 114 items in all, around this country on a tour that began last summer. It still has five months and three cities to go.

It is now at the gallery of the Courtauld Institute in Woburn Square (until July 21, then on to Southampton, Exeter and Plymouth), where it is being shown with the addition of three small oil paintings from the Courtauld's own collection that are eminently apropos.

Overlapping with this London showing, Christian Neffe of J.P.L. Fine Arts in Davies Street, who specialises in French art of the early 20th century, and put the Arts Council in touch with Mr Ayrton, has a further group of drawings on show, along with a number of small oil studies and water-colours.

Bonnard's critical reputation has been transformed in recent years from that of a comparatively peripheral figure, significant with Vuillard only in relation to *Intimisme*, that off-shoot of post-impressionism before the First World War, to something more central and infinitely more substantial. A wonderful retrospective exhibition at the Royal Academy in 1966 first opened this country's eyes to the scale of his achievement and his importance as an artist; there have been many more since then around the world to confirm what was then proposed, the most recent a ravishing selection of his paintings, that went on from Paris to Washington and Dallas.

Bonnard's place in the pantheon is now secure. We can really say, which was hardly possible only 25 years or so ago, that he ranks with Picasso, Matisse, Braque and Beckmann (another very late apotheosist as the greatest of painters whose achievement is substantially of this century. And of them all, he is the most painterly.

This is a large claim to make for any artist, and one which suggests, if nothing else, that we owe it to ourselves to see every piece of his work that happens to come our way. We have had nothing so grand or ambitious here of his since that exhibition of 1966, but two exquisite shows are now in London that take us, each in its own way, as close as we could wish to the heart of Bonnard's practice as an artist.

Both these shows concentrate therefore, one way or another, upon the preparatory and intermediate phases in the work, the gathering of primary material and the toying with ideas before the long working-up of the major paintings in the studio. By them we are able to follow the artist in his more private, unguarded moments as he looks about him, making the first tentative attempts to trap in its image the sensation of a moment.

Bonnard, above all the painter of pure, poignant, affective colour, worked not direct from nature but at a deliberate remove. "The presence of the object, the motif," he said, "is very cramping for the painter at the moment of painting . . . there is always a danger for the artist to allow himself to be too involved in the incidences of the direct view, and in so doing to lose the initial idea. "What I am after is the first impression . . . I want to show all one sees on first entering a room. . . . What the eye takes in at first glance. . . . The work of art — a stop of time."

And so he drew to serve his painting, and he worked at his drawing with a painter's preoccupations and priorities rather than for its own sake. Nothing is self-conscious, especially over-worked or dressed up, as it were, for public view, only as much done at each point as is necessary or useful, so much quite happily left informal, partial, ragged, unfinished. The intention clearly was always to jog memory and so stir the imagination, for there was always the chance to return for another look and more detail, or to contrive a fresh incident and again a new sensation.

But painting is also about itself, Bonnard's rather more perhaps than most, with his decisions taken on the surface to answer no ulterior or external end but the painting's own immediate, demonstrable need. He may speak of recalled sensation, but his work supplies its own, related of course, but quite distinct.

The paintings included in both exhibitions point the distinction with some nicety, and doing so allow the drawings room also to be themselves, carried through, so far as any of them are, on their own terms as well. The manner is very painterly, the pencil flicking and teasing across the page, as it might be a brush laying on dabs of paint, always to insistent tonal effect, no matter how perfunctory the statement or superficially linear the image. We begin to understand how Bonnard, with so instinctive an eye for tone, was able to use colour so pure and clear, yet with so close and ordered a tonality.

He drew incessantly, filling pocketbook after sketchbook with notes and scribbles and all manner of usable jottings of anything that thus caught his eye: a tree on the river bank where he took his walk; the cows in the field; a bowl or jug on the breakfast table; and always the figure, the female figure, sitting, turning, bathing, dressing, always at ease, the natural partner of his quiet life.

It is hard to say how beautiful so many of these scraps and fragments are, or just why such things should touch the heart, through the eye and the imagination, with such a pang. A standing nude, not seven inches high, little more than an ideogram, turns her back to draw her wrap across to her other shoulder [J.P.L.]; landscape shakes into focus through a storm of pencil strokes: a young girl sits quietly reading below the balcony, glimpsed through the angle of the balustrade—and Cartier Bresson was in the studio that afternoon (Courtauld). He speaks of time stopped; it is as though for a moment we have made it stop ourselves, and ours the work of art.

Bonnard has indeed always been very much a painters' painter — that is to say, one relished by his peers for the physical qualities of the work, and acknowledged for an absolute commitment to a particular vision of the world. But it was ever the case that the painterly reputation should march somewhat ahead of the critical, at least in modern times — *vide* almost all the modern heroes since impressionism.

The important thing is only that criticism sooner or later should catch up. It may once have been that his comfortable domesticity and bourgeois material, and the quality of the life of the mind thus implied to the prejudiced, put him rather out of serious consideration. But the work was always there, informed by the great painterly virtues of touch, tone, colour, drawing, structure, space, emphasis. Seen now as it is, and always was, it has at last come into its own.

"Le repas" (c.1925), pen and ink, on show at the J.P.L. Fine Arts

Caballé/Covent Garden

Max Loppert

The recital given by Montserrat Caballé and others on Sunday was a benefit in aid of the Alfred Alexander Scholarship. Dr Alexander, who died two years ago, was propably the most famous throat doctor in the land, cherished by top singers; he was also an opera-lover who wrote a good deal, much of it highly contentious, about singing as well as about his many other artistic and literary pursuits (among *cognoscenti* he is particularly remembered for having produced the most bizarre review that the *New Grove Dictionary* received). The scholarship is intended to help launch promising young singers; all the artists gave their services for the occasion.

No budding singers shared the stage with the Spanish soprano on Sunday evening: instead, the Royal College, Royal Northern College, and Royal Academy sent various bright young instrumentalists to go through their paces in Mozart, Debussy, and Puccini. Because Dr Alexander was a particular devotee of Italian music and Italian culture, Denis O'Neill was also invited to give his interesting and almost successful imitation of a heart-on-sleeve Italian tenor in two *canzone*. For the rest, the programme belonged to Mme Caballé, and in it she gave ample demonstration of her current form.

The voice sounded in far fresher state than when last heard on this stage in opera. More care has to be exercised than formerly in the exploration of extremes of range, yet it was not long before there was being produced the limpid, shining tone, the suspended-in-air soft notes with which this singer first gained her most passionate admirers.

Her opening group was given over to Handel, sung from behind a music stand to Miguel Zanetti's distressingly inaccurate piano accompaniments: airs from *Theodora* and *Joshua* given in English but *Jeptha* oddly in German, and from *Rinaldo* in Italian. Any Handelian in the audience concerned with matters of proper style had to take a swift early decision to blot these totally out of mind, for tempos were leaden, rhythms vague, and added ornaments wildly out keeping. But how one wishes most of today's more decorous Handel sopranos possessed a quarter of Mme Caballé's vocal colour!

All the same, an atmosphere of all-purpose expression hung about this section (the by-product of expert sight-reading?) which only began to be dispelled in two Donizetti rarities—a charming light-hearted air from *Betly*, and from *Fausta* a long, serious closing number (not all of its text printed in the programme) spun out on long, fine threads of sound.

There was more of the same calm, unhurried expressive style in Rossini after the interval; and then at the close the smiling, sprightly good humour that this artist often reveals in recital came to grace three well-known zarzuela numbers, including the virtuoso "Pigeon Song" from El *barberillo de Lavapiés*. It was good to hear Mme Caballé again: the voice is still inimitably beautiful, and the artist still has much to give.

Buddy Rich/Festival Hall

Kevin Henriques

When jazz meets classical or "serious" music (aren't jazzmen serious?) the results are sometimes mildly interesting. More often they are chaotic and totally unsatisfactory. Saturday's Festival Hall concert, part of the André Previn Music Festival and sponsored by the Bankers Trust Company, promised drummer Buddy Rich and his trio *with* the Royal Philharmonic Orchestra in a programme of Bernstein and Gershwin, composers whose work is admittedly favoured by jazz musicians.

Rich and his trio were kept apart from the RPO for the first portion of the evening in which the RPO played Bernstein's overture to *Candide*, Gershwin's *Rhapsody in Blue* and *An American in Paris*. Interestingly the *Rhapsody* was played in Ferde Grofé's original 1924 arrangement for the Paul Whiteman orchestra with Andrew Litton, the soloist, conducting from the keyboard.

Buddy Rich, his drums placed dramatically downstage in front of the whole orchestra, opened the second half with them in a straightforward but aurally blurred version of Gershwin's "Strike up the Band" which pinpointed the dangers of trying to integrate a jazz group, however small, with a vast orchestra in a piece however slight.

The centrepiece of the collaboration was what was described grandly as the "Symphonic Suite from West Side Story." For almost 20 years a *West Side Story* medley has been a highly popular and much played item in the repertoire of the Buddy Rich big band with Rich using it as a concert-closing spectacular showcase for his extraordinary speed, skill and imagination as a drummer.

This arrangement (credited erroneously, like that of *An American in Paris*, I feel sure, to Rich himself) differed in some instances to the jazz band version, "America" was included and for once "Maria" was played, to the obvious admiration of the drummer, by the RPO strings.

When played by the Rich band, *West Side Story* is mainly a solo excursion for the leader. In this version he had two lengthy solos, the longest naturally at the climax and, apart from a handful of places in the score, his presence and that of the three musicians from his present band, did not add immeasurably to the substance of the music. The passages where Rich and the RPO played together were not numerous. When they did combine the drummer gave a buoyant lift and momentum to the stringed instruments of the RPO.

Rich's astonishing speed, technique and stamina (doubly astonishing in a musician, 68 next birthday, who underwent open heart surgery two years ago), remain a wonder for all categories of music listener. For the jazz enthusiast, probably the joy of Saturday's concert was the handful of numbers Rich played with his trio, sons RPO, in which he underlined heavily that he is not only a big band drummer. His brushwork and unobtrusive accompaniment to pianist Bill Cunliffe, bassist Dave Carpenter and tenor-saxist Steve Marcus were masterly lessons in small group drumming. What a pity, though, that Steve Marcus, melodious in "The Very Thought of You" and "The Way You Look Tonight," was not used more elsewhere, especially on soprano-sax and also in *West Side Story*.

Jude the Obscure/Dukes, Lancaster

Charlotte Keatley

In the ancient seat of Lancaster, with its brooding castle, Thomas Hardy's *Jude the Obscure* is being enacted nightly by the Dukes Playhouse until the end of June. The vogue for adapting novels for the stage is familiar to Jonathan Petherbridge, the artistic director, who has previously tackled a range from *Gormenghast* to *Gone With the Wind* (done in seven half-hour episodes at an open air festival).

The clean, rosy, rural feel of Lancaster's production is at odds with Hardy's most woeful tale. Hardy's recurrent themes —fate overpowering the individual, inherited emotional behaviour dooming the present —are the prose equivalent of Ibsen or Strindberg.

Jude is a stonemason with literary aspirations (like Hardy himself). He marries, first, local girl Arabella, who represents female sensuality. The marriage flounders; Jude goes off to Christminster, his spiritual Mecca, where he meets upwardly mobile cousin Sue, representing the female intellect. Sue, training to be a teacher, is being persuaded by her lecturer.

All this sounds surprisingly contemporary. Indeed much of Hardy's depiction of "modern" women and their relationships has more psychological truth than the scripts of today's male playwrights.

"I have been looking at the marriage service in the Prayer-Book, and it seems to me very humiliating," observes Sue. Most contemporary of all is the mess: broken marriages, ill-defined relationships, suicidal children. Sue and Jude are partners by temperament but in practice cannot make it work, Arabella is *pragmatic*, a survivor who regards marriage as an economic convenience.

Andy Whitfield's music is irritating and intermittent; experimental without coherent style. The assembled instruments, well played by the actors, are those of Hardy's rustic players—fiddle, oboe, squeeze box and horn, but the sounds are a long way from Wessex. So are the accents; the actors roll vowels, but these belong neither to Dorset nor Lancashire.

Disparate acting styles suggest a lack of an ensemble approach to the problems of staging a novel. Jude (Andrew Rattenbury) and Sue (Hilary Cromie) plonked for wet naturalism. Linda Dobell injected much-needed energy as Arabella. The narrators' delivery veered from jocular to off-the-cuff to faintly bored, which diminished their potential as voices of irony, and fate commentig on the action. Frequently narrators outnumber actors—as much as four to one — which is indicative of the static nature of this production.

Since Jonathan Petherbridge's script focuses on Hardy's plot rather than dramatising its symbolic conflict between the senses and the spirit, the play comes across as a treatise on modern marriage, set in the 19th century, which hampers rather than enriches it. What we miss, in this three hour gallop through a weighty novel, is any sense of the beautifully crafted, escalating tragedy of Hardy's prose.

Royal Ballet plans

Anthony Dowell, who takes over as director of the Royal Ballet in 1986, was on hand at Covent Garden yesterday to hear the current director, Norman Morrice, take criticism of the Royal Ballet's recent performances while introducing the programme for 1985-86, his last.

Morrice blamed the heavy *performance* schedule, which reduced the time for rehearsal and the training of young dancers, for many of the problems which have bedevilled the company this season. The *experiment of using new designers* was also cited for the clashes between choreography, costume and design in some much-abused recent productions. Dowell said he hoped to ensure *more preparation time for* dancers.

But the Royal Ballet was able to answer its critics with the statistic that attendances at Covent Garden this season to date, at 91 per cent of capacity, were the highest for six years. The Sadler's Wells Royal Ballet has also improved on its attendances nationwide: up from 80 per cent to 83 per cent.

The Royal Ballet has announced an undemanding 1985-1986 programme in what will obviously be a change-over year. There will be only three *premieres, all one-act ballets*— *Le baiser de la fee*, by Kenneth MacMillan; *The sons of Horus*, by David Bintley (originally planned for the Paris Opera Ballet); and another Bintley ballet, *as yet un-named*. The company will also present a new production, by Peter Wright, of *Giselle*.

A.T.

Groupe Vocal de France/Almeida

David Murray

Among the European performers arriving for the later reaches of the Almeida Festival in Islington were the Groupe Vocal de France, who gave a short concert on Sunday. It was a thoroughly interesting concert; I emphasise that it was short simply because they deleted what would have been the most substantial work in their programme, Poulenc's wartime cantata *Un Soir de neige*, leaving only about three-quarters of an hour of music. That was, however, the only disappointment.

The Groupe Vocal is a virtuoso team of a dozen singers, formerly directed by Marcel Couraud, and then John Alldis; now by Michel Tranchant. Their blend, precision and flexibility are remarkable. Many composers have been delighted to write scores expressly for them. We heard them here addressing themselves with equal finesse to Debussy's three delicate, wistfully model-songs on Charles d'Orléans texts, and to Xenakis's wild, dense *Nuits* with its glissando howls and throttled noises.

Of three more recent works, Marc Bleuse's *Alors le Paradis* . . . was relatively conventional, though its plainchant prologue and epilogue showed off the choir to advantage. The central portion adapted traditional devices of construction to cautiously "modern" material, in a rigorously pious tone: sincerity takes one only so far.

Denis Levaillant, about whom I know nothing (the programme notes gave no help), has produced an extraordinary neo-romantic study, swooning and desperate, in *Les Pierres noires*. Its sumptuous effect arises as much from its extremely ingenious contrapuntal texture as from its exacerbated harmonies;

Chung and Zimerman/Festival Hall

Andrew Clements

After Pinchas Zukerman's recital with Marc Neikrug last week, the André Previn Music Festival brought another celebrated violinist to the Festival Hall on Sunday evening. Kyung Wha Chung was partnered by Krystian Zimerman in a pleasantly diverse programme of Beethoven, Schumann, Webern and Respighi. In terms of artistic temperament it might seem an unlikely pairing; however, it was by no means an *ad hoc* arrangement, but one stage of an extensive European recital tour.

For much of the time there was no doubt that Miss Chung was the dominant partner, and on several occasions one rather wished it had been otherwise. Zimerman was his usual relaxed, exquisitely sensitive self, but of his marvellous range of keyboard colour and prodigious control we heard very little until the final item, Respighi's B minor Violin Sonata. In the first half his meek, subsidiary role and Miss Chung's lack of sustained, warm tone made for an unhappy result; perhaps the need to project into such a large auditorium unsettled them both.

The whole of the first movement of Beethoven's E flat Violin Sonata Op 12 no 3 had passed by before the performance gained any kind of equilibrium; then it was Zimerman who produced some perfectly poised phrasing in the slow movement to which his partner at last responded instinctively. A much more decisive violin tone would have made the first movement of Schumann's A minor Sonata a success, though both players shaped the intermezzo-like Allegretto most attractively.

Everything was a good deal better after the interval. Highly acute accounts of Webern's Four Pieces Op. 7 were pointedly followed by Respighi's unashamedly late romantic sonata, written seven years later. I doubt if an innocent ear would quickly guess Respighi as the composer but it is an attractive piece, with an imposing final Passacaglia which drew from both players their best form.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 21–27

Opera and Ballet

SPAIN

Granada, Generalife Gardens. The Spanish National Ballet in the unique setting of a 15th century Moorish palace, as part of the Granada Music Festival. Choreography by Maria de Avila to music by Scarlatti, Vives and others, conducted by Jorge Rubio (Mon, Tue). (225201).

LONDON

Royal Opera House, Covent Garden: Fernando Bujones, a superb classic dancer, begins a short guest season with the Royal Ballet and can be seen in La Bayadere, part of a triple bill. (2401066).

PARIS

Meyerbeer's Robert Le Diable. The opera, inspired by a medieval legend from Normandy, is conducted by Thomas Fulton. Robert, over whose soul the forces of good and evil fight, is sung by Alain Vanzo/Rockwell Blake. Alternates with Soirée de Ballets. Paris Opéra (2665022).

Carmen, The Ballet Antonio Gadez dances, in the Carlos Saura version, the tragedy of obsessive desire to the rhythm of Flamenco with Bizet's music as counterpoint. Palais des Congres (2662075, from 2pm till 5pm).

WEST GERMANY

Berlin, Deutsche Oper: Premiere of Cosi fan tutte, produced by Götz Friedrich. The cast includes Angela Denning, Anne-Sofie von Otter, Keith Lewis and Carol Malone. Der Troubadour has fine interpretations by Eva Randova and Seppo Ruohonen. La Bohème, sung in Italian, is conducted by Jesus Lopez Cobos. Salome has Ruth Hesse and Ingvar Wixell as leads. Also the Magic Flute and Fidelio. The latter brings together Ingrid Bjoner and Gerd Brenneis. (34381)

Stuttgart, Württembergisches Staatstheater: Philip Glass opera Echnaton composed for the Stuttgart opera is produced by Achim Freyer. Countertenor Paul Esswood is outstanding in a cast of high standard. Also Der Freischütz featuring Carmen Reppel, Helmut Berger Tuna and Manfred Jung. (20321).

Munich, Bayerische Staatsoper: This week's highlight is La Cenerentola with Agnes Baltsa and Francisco Araiza. Don Carlos is worth a visit with Agnes Baltsa and Luis Lima. Also Il Tabarro/Gianni Schicchi and Die Hochzeit des Figaro (21851).

BRUSSELS

Theatre Royale de la Monnaie (2172211): The Mastersingers of Nuremberg conducted by Sir John Pritchard with José Van Dam, Peter Meven, Francis Egerton.

NETHERLANDS

Amsterdam, Carre Theatre. The National Ballet with the Concertgebouw Orchestra conducted by Lucas Vis. Agon, Duo Concertant, Death Island and Collective Symphony (Wed, Thur). (225225).

Amsterdam, Amstelkerk (Amstelveld 2). The Krisztina de Châtel dance group with Fold, to music by Philip Glass (Mon to Thur). (AUB box office, Leidseplein 26).

Amsterdam, Bellevue Theatre. The La la la Human Steps dance company of Montreal (Mon, Tue), and the Karen Jamieson dance company of Vancouver (Thur). (247248).

VIENNA

Staatsoper (5324/2655): Krenek's Karl V conducted by Lehmann with Armstrong, Janowitz, Moser; Turandot conducted by Slatkin with Dimitrova, Freni, Carreras; Der Rosenkavalier conducted by Schneider with Jones, Fassbänder, Lotte Rysanek, Moll; Cavalleria Rusticana conducted by Fischer with Obrazova, Lilova, Hintermeiler, Mauro and Zancanaro; Leoncavallo's Der Bajazzo conducted by Fischer with Cotrubas, Domingo; Ballet: Die Vier Temperamente; Lebenstanz; Rückkehr ins fremde Land; Wiegenlied.

Volksoper (5324/2657) Lortzing's Der Wildschütz conducted by Richter; Orpheus in the Underworld conducted by Richter; Orff's Die Kluge conducted by Artmuller; Suppe's Die Schöne Galathee conducted by Bibl, Zemlinsky's Clothes Made People; Lehar's Das Land des Lächelns conducted by Bibl; J. Strauss' Vienna Blood conducted by Bibl.

NEW YORK

Dance Theatre of Harlem (Metropolitan Opera House). An American classic modern dance troupe brings home the work that has given it increasing international attention. (5809830).

Masterpieces from the Hermitage/Rotterdam

Rob van Mesdag

After years of negotiation – and no doubt frustration – a tiny particle of the Hermitage's wealth has descended upon the Netherlands, in the shape of 41 Flemish and Dutch pictures of the 17th century, exhibited spaciously in Rotterdam's Boymans-van Beuningen Museum until July 15.

Seeing himself surrounded with work by such familiar artists as Rembrandt, van Dyck, Potter, Wouwerman, Metsu, ter Borch, Steen and others, one Dutch art critic said: "They're back." Back indeed. They were painted in the late 16th and early 17th century, often in places not far from Rotterdam, and stayed there, or in neighbouring countries, until "Dutch" Tsar Peter the Great, who studied shipbuilding in Holland, founded St Petersburg in 1703 and shortly thereafter began collecting.

He acquired his first Rembrandt in Holland in 1717, together with 43 other pictures in The Hague, then bought another 117 in Amsterdam and Brussels. During the reign of Catherine II, from 1762 to 1796 the purchase of art became a business. In 1764, 225 pictures were bought in Berlin, among them "The Patient and the Doctor" by Gabriel Metsu (1629-1667) and "Family Portrait" by Anthony van Dyck (1599-1641); both are in the exhibition.

Two years later Catherine's ambassadors bought 600 pictures and drawings from the heirs of Count Bühl, the minister of Augustus III of Saxony. Ruben's "Landscape with Rainbow" and Ruisdael's "Waterfall in Norway," both on view, formed part of this major purchase. By now Catherine's collection ranked among the largest in Europe.

Star of the show is "Flora" by Rembrandt (1606-1669), acquired in Amsterdam around 1770. The lady portrayed as the Goddess of Spring and Blossom is the artist's first wife Saskia van Uylenburgh; they were married in 1634. Saskia's face contrasts sharply with the dark background, in true Rembrandt manner, and her wide, flowing sleeve shows its embroidery and folds in miraculous detail.

Two other Rembrandts in Rotterdam are "The Holy Family" and "Portrait of a Man," bought in Paris in 1772 and 1829 respectively. The organisers would have liked to have had the master's "Danae," by reputation the Hermitage's equivalent of Amsterdam's "Nightwatch," but this appeared impossible. In all, the Hermitage has 22 Rembrandts.

A delightful aspect of the 17th century painting is its variety in motif and theme. Antwerp painter Peter Paul Rubens (1577-1640) is represented by his historical scene "Caritas Romana" from the writings of Roman author Valerius Maximus. One of his pupils was Anthony van Dyck, who in 1632 joined the court of Charles I and was knighted by him. His self-portrait has never been seen here before.

A picture of musicians by Dirck van Baburen (1595-1624) shows an influence on his work by Italian painters such as Caravaggio, van Baburen and some of his contemporaries having lived in Italy to complete their training.

All 41 pictures are beautifully hung, but the queue outside could be a long one. No matter. In the old part of the Boymans there are just as many pictures, just as well known, by the same artists... those who escaped the clutches of Empress Catherine.

Saleroom/Antony Thorncroft

Record for tribal art

A Benin bronze head of an Oba, or king, sold for £352,000 at Sotheby's yesterday to a European collector, bidding over the telephone. The price, which exactly matched Sotheby's estimate, was high because of the rarity of the head. It was also a record for any item of tribal art sold at auction.

The 22 cm high head is dated to the 14th century, the period when the art of bronze casting came to Benin from neighbouring Ife. Only 15 of these very early heads have survived and this is a particularly interesting example, with its sensitive naturalism.

Both Sotheby's and Christie's held important auctions of tribal art yesterday, confirming London as the centre for this market. A Fang wood reliquary female ancestor (from the region stretching from the north of Gabon to the south of Spanish Guinea) sold at Sotheby's for £66,000, also within forecast. It is one of only two known examples.

Another Fang wooden reliquary figure realised £24,200, while a Luba Shankadi female ancestor figure (from Zaire) went for £20,900, and a Bambara wood figure for the same sum. It was noticeable that African works of art were in much greater demand than Latin American art: the main items on offer, from early Mexico in particular, were unsold.

The highlight of Christie's sale, which totalled £248,283, with 15 per cent unsold, was a wood sculpture intended for use as a bowl. It made £162,000, slightly less than Christie's had estimated. For this bowl was carved by Olowe, regarded as the best carver of the Yoruba tribe.

He was born in what is now Nigeria in the late 19th century, and carved the 25 inch high bowl, which is decorated with many figures, around 1920 from a single piece of wood. It is rare for African works of art to carry reliable authentication of age and maker. This bowl has been much illustrated, and was sold from the estate of the American artist William J. Moore.

The anonymous buyer of the bowl also bought a Songye male figure, collected before 1930, for £20,520. It comes from what is now Zaire, and had a magical purpose. A pair of Yoruba twin figures of around 1900 made £11,340, as against a £3,500 top estimate; the same buyer bought a pair of Ibeji for £8,100, also well above forecast.

Sotheby's furniture sale at Monaco totalled £2,494,024 with 15.4 per cent unsold. A Louis XV commode bearing the stamp of Pierre Roussel made £184,232; an occasional table by Martin Carlin, of around 1773 realised £119,751; and four armchairs of the Louis XV period, stamped Guillaume Avisse, £110,539.

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The impotence of power

ANYONE who watches television or reads a newspaper, which nowadays means almost everyone, must have been struck by the outhreaks of international violence in the last few weeks. There was, indeed still is, the hijacking of the TWA airliner, its shuttling between Algiers and Beirut, and the crash of the Air India flight on Sunday killing over 300 people, to name only the two most dramatic examples.

Possihly, this is just a had month. Statistically, the year 1985 may show that international violence is not on the increase. It is also possible to argue that violence as practised through hijackings and incendiary hombs is preferahle to old-style confrontations through open warfare. After all, most people still fly safely to wherever they want to go. The risks of hijacking or finding a homb on hoard are simply a hazard of modern life. and statistically insignificant.

International terrorism

It is certainly true that more precautions should be taken. The security record at Athens airport, from where the TWA hijacking got under way, is not good, and presumahly even the Greeks would like to see it improved. It would he understandable, too, if more airlines, pilots, crews and their staff associations refused to fly to places where security is complacent.

All that should he done. It is not, however, enough. For the kind of international terrorism that we have been witnessing nightly on the television screens is a symptom, not a cause.

Two factors stand out. The first is the development of modern technology which makes such acts of violence possihle: the carefully timed detonation of an explosive device from a distance, for instance. Television and satellite communications also enable the people of violence to command instant attention around the world, another part of the technological revolution.

The second factor is that the motives of those responsible for the TWA hijacking should not be assumed to be merely gratuitous. They do have a cause, but they pursue it in a hrutal fashion. The same might be said about the Provisional IRA and its offshoots in Ireland. It should not be surprising if people of violence in one country co-operate ever more closely with people of violence in another, and do it partly by exploiting modern technology.

Breakdown in order

What has happened is that small powers and small groups now have an ability to destroy and to cause havoc for the rest of us that is quite out of proportion to their real capacity to achieve what they want. They can make life difficult, but still get nowhere.

At the same time, there has been a breakdown in the attempts to establish some sort of civilised international order. It is very unlikely, for example, that the TWA hijacking would have occurred if there had been a more stable situation in the Lebanon or in the Middle East in general. Efforts to achieve a settlement in that part of the world no longer appear as high as they used to do on the international agenda.

There have been other signs of decrepitude in what we used to think of as the post-war settlement or new international system. The United Nations, which shortly celehrates its fortieth anniversary and whose charter was drawn up very much to take into account the then balance of power, is now at best a refuge of last resort for international prohlems.

Relations between the superpowers, the United States and the Soviet Union, which much of the world came to see as a litmus test of international stahility, have declined to the point where they are concentrated almost exclusively on strategic arms control: oddly enough the one area where there is already an existing balance of power between them. Indeed it is doubtful whether in any other terms the Soviet Union is a superpower at all.

Quality of diplomacy

There has also been a fall in the quality of American diplomacy. At least when Dr Henry Kissinger was Secretary of State he tried to see the world as a whole. The Middle East was an important part of it. He shuttled about the place and reached the heginnings of a settlement. President Carter followed it up with the Camp David agreement. That sort of momentum seems to have gone, and we are seeing the results.

It might he claimed that America's power has gone on growing while that of other regions, including western Europe and the Soviet Union, has relatively declined. That is probably true. Yet it leaves a rather lopsided world: like, as a German hanker once said about living with the dollar, being in bed with an elephant. How is such power to be exercised?

That is almost certainly the key international question of the next few years. There are three, not necessarily incompatihle, answers. The first could be that the U.S. decides it is in a class of its own: not isolationist, hut capable of doing whatever it likes, wherever it likes, or of sitting it out. The second could he to seek directly to involve the Soviet Union in talks on global issues such as the Middle East and thus offer Moscow a stake in world order. A third could be to try to revive those post-war international institutions which served us well for a time. The point is not that they were perfect. It is that it is not clear what is to be put in their place; the international machinery is hreaking down.

The U.S. President was right not to have a retaliatory smack at the TWA hijackers, even if he has been dubhed "Jimmy Reagan" for his restraint. We hope he will continue to show it. But the test of American foreign policy over the years will be to show how far the country can use power wisely. It would he more convincing if it sought to huild hridges to the Soviet Union, apply itself to the Middle East as a whole, not risk being rash in Central America, and generally try to encourage the re-emergence of an acceptahle international order. At the momnet there is too much petty anarchy, and too much power that is too hig to be used.

Star Wars technology

The heroic obstacles still to be overcome

By Peter Marsh

"I am not willing to accept that ballistic missiles will survive ond will always overcome" — Lt-Gen Jomes Abrahamson, head of the U.S. Star Wars programme.

"A perfect or near-perfect defence (against nuclear missiles) is not on the cards — any more than o cure for death is," — Prof Ashton Carter of Harvard University, a leading critic of the project.

THESE two views represent the extreme poles of the debate about the technological goals of the U.S. Strategic Defence Initiative (SDI), or Star Wars. The issue will top the agenda of Mr George Bush, U.S. vice-president, who began a seven-nation visit to Europe yesterday.

The programme, on which the U.S. Defensa Dapartment plans to spend $26bn (£20.47bn) by 1990, is intended to provide a basis for protecting the West from nuclear missiles.

The SDI, in which tha U.S. has asked its Western allies to participate, has hit the beadlines both for its political and military implications and because of the commercially-important technological advances in areas such as computers, materials and optics that it could promote.

On a visit to London earlier this month, Lt Gen Abrahamson, director of the Pentagon's SDI Organisation, emphasised that the Star Wars goal was achievable. Ha said that scientists and engineers in the West could do "just about anything."

Tha heroic nature of tha challenge is underlined by Dr John Caulfield of tha University of Alabama in Huntsville, technical director of an SDI consortium investigating ultrafast computers that would process instructions coded as beams of light. Such optical computers could be required in the complex control bardware needed for an operational Star Wars system.

Dr Caulfiald, wbose long-term goal is to make computers that learn new facts and operata in the manner of the buman brain, says the Pentagon, has told him ba will not be criticised for failure—but that ba will be fired for making only small improvements on present-day computars.

The Star Wars programme is by no means assured of success, according to Dr Caulfield. But he says of an operational defensive system: "It won't work without me."

Optical computers could be required

Undar SDI, companies and research institutes will investigate a panoply of techniques to knock out missiles in flight with weapons sucb as lasers, beams of atomic particles or projectiles powered to high speeds by electromagnetic forces.

Other crucial parts of the strategy are the sensors that would bave to be mountad in space to detect the presence of Soviet missiles and the computer networks that would control the system.

According to President Reagan's scbednle,t he U.S. and its Western allies will use the results of the programme in deciding in the early 1990s wbether to build an operational set of Star Wars hardware.

Unlike any other anti-ballistic missile system that bas been elthar designed or deployed, a defence along the lines envisaged by tha U.S. would sboot down missiles a few minutes after they left their launch pads in the Soviet Union. It is bast visualised not as an "astrodome" over America to stop weapons getting in, but as a naar-impregnable canopy above the Soviet Union to pravent them from laaving.

Missiles are at their most vulnarable in the first few minutas aftar launch, in what is called the boost phase. They are relativaly aasy to spot, both becausa of thair size (the rocket motors and fual tanks bave not yet been discarded) and because of the large amounts of infra-red radiation that their motors emit which can ba datectad by space-borne aensors.

The destruction is more difficult if the missiles traval tbrough the boost phasa unbarmed. At tha end of tha phase, tha weapons, now at an altitude of about 200 km, eacb split into as many as 10 separate warheads and perhaps 10 times that number of decoys that travel through space independently. As a result, tha number of targets for the defeoding nation to "kill" grows.

Although the Star Wars planners concede that they would need a number of "layers" of defence to mop up missiles after the boost phase, the SDI effort is focussed on what bappens in this first three to five minutes of the weapons balf-hour journey to the U.S.

Ultimately, the Peotagon bopes, the system could be extended to deal with the boost phase of nnclear warbeads fired on much shorter journeys, either from Soviet land silos to West European targets or from submarines a few hundred kilometres off the coast of advarsaries.

It follows that an oparational Star Wars system might be called upon, in little more than the time for a commercial break on television, to acquire information about all the 1,400 missiles in the Soviet Union's land-based armoury as they rise from their launch pads and dispose of the vast majority of them.

The leading candidates for the waapons are high-power lasers, aither sited in orbit, in submarines (in which case they would be "poppad up" into space on tha first warning of attack) or ou land. In the latter case, the beams could be aimed at their targets by hig mirrors in tha geostationary orbit 36,000 km above the Earth.

Devices known as rail guns are other candidates for the firepowar. With alectromagnetic forces, these would accelerate small projectiles to about 30 km a second, at least three times fastar than the top speed of rocket-propelled objects. The projectiles would be fired from up to 100 orbiting rail guns (eacb with a barrel perbaps 100 m long or double the length of Nelson's Column) and wonld home in on their targets with miniature sensors.

If as little as 5 per cent of Soviet warhaads survived all dafansiva measures, balf the 131m population of urban America would perish, according to a U.S. study in 1979.

Much debate has focused on tha computers that would supervise tha system, acting as tha co-ordinating link between the sensors and the controllars for the individual weapons. They would be many times more sophisticated than anything developed so far and would operate with software (instructions) that used artificial intelligence, under which machines take on reasoning powers approaching those of people.

Lt. Gen. James Abrahamson who, on a visit to London earlier this month, emphasised that the Star Wars goal was achievable

Whether or not an operational Star Wars system is deployed, the SDI programme seems likely to boost the development of such computers. Tbey could be used in a variety of commercial applications from inspection of goods on assembly lines to "smart" office equipment—for instance photocopiers that work out wben they have produced smudged documents.

Computers would probably have to take all tha key decisions in the boost phase of the missile-firing process. Thare would be too little tima to involve people. The optimists in the world of artificial intelligence are certain that computers of sucb complexity can be built.

"The technology is do-abla," says Professor Hans Berliner, a computer expert at Carnegie-Mellon University, Pittsburgh, who has devised a chess-playing machine that can ruminata on 175,000 moves a second. "Two hundred years from now, the Star Wars control problem may ba child's play," he says.

Professor Marvin Minsky of the Massachusetts Instituta of Technology, who is a pioneer in artificial intelligence, says of the computing challenge: "The magnitude of the software effort needed to shoot down 1,000 missiles is no greater than that needed to shoot down one. The real problem is in the datection and sensing."

Mony observers hava highlighted the fact that the computers in the system could never be fully reliabla. Tha millions (possibly billions) of lines of software code would be more complicated than any programma ever written. They would be almost certain to contain undetected errors that could invalidate the system. As a result, the Western world be asked to pot its faith in a defensive shield which could not be guaranteed to work.

"People are expecting too moch of computers," says Dr Henry Thompson of Edinburgh University, one of Britain's leading centres in advanced computing. "No one has any idea bow to get there (to the stage of producing computers to control a Star Wars system). And if someone claimed that be could devise such machines, there would be no way ba could devise a test that would convince you ba was right."

Soma of the severeest critics of Star Wars have emphasised not the likelihood that glittering technologies such as artificial intelligence will be successful, but the case with which Soviet strategists could devise simple counter-measures.

Such counter-measures could include increasing the number of decoys launched with missiles and the planting of cheap "space mines" to destroy tracking hardware and weaponry that the U.S. stations in orbit.

"The point is not that you could not build a defence," says Professor Ashton Carter of Harvard, who produced a critical report on SDI last year for Congress's Office of Technology Assessmant, (OTA) "but such a defence is not very good if it can be so easily tricked or disturbed. The point is that building a defence of this sort would not get you anywhere."

"For every one bit of good news (regarding technologies for devising an operational system) there are five bits of bad news."

Dr Richard Garwin, IBM fellow at the company's Thomas J. Watson research laboratories near New York and another staunch critic, says: "However optimistic we can be about the technologies that are involved in Star Wars, you bave to be more optimistic about the technologies that could be devised for destroying tha system."

Professor Carter is sceptical of the affect of the SDI programme in developing technologies for commercial applications. "It is not obvious that you are making the best use of your resources to go out and work for a very far-fetched military programme rather than to do commercially-oriented research and development."

With so much scepticism about the goal of achieving a fully-operational defensive system to protect cities, what are the most likely results from SDI? One outcome could be a set of technologies for the much easier job of shielding "point" sites such as America's own missile silos.

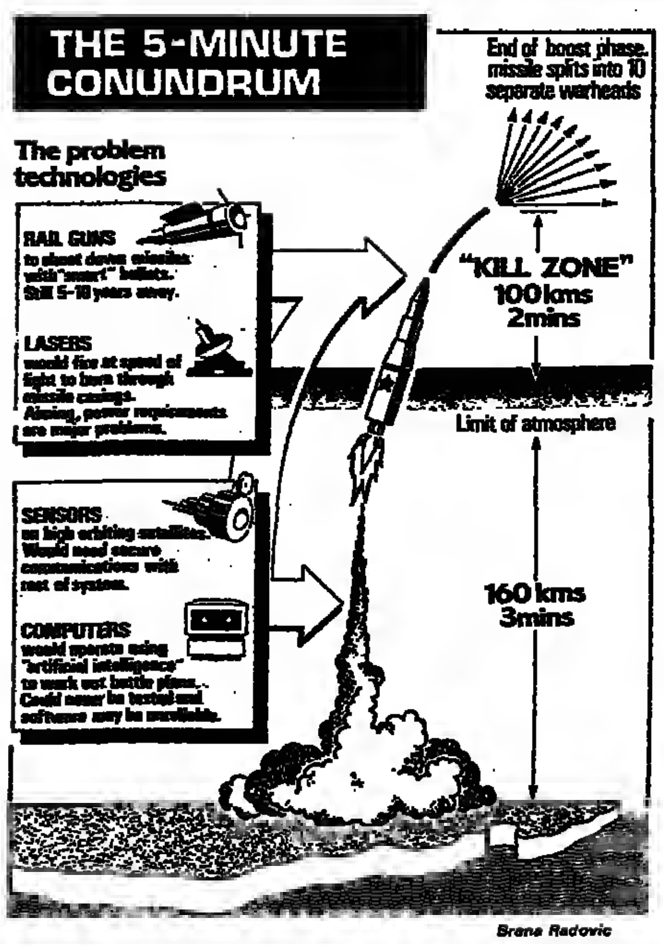
"I do not think the system is going to work," says Professor Charles Townes of the University of California at Berkeley, who like Professor Carter, is a physicist and who was also involved in tha OTA assessment of Star Wars. "But that is not to say that I am against doing research. There are goals in defansive systems other than a complete protection against missiles."

Key decisions in the boost phase

Another outcome of the programme may simply be to exert political and military pressure on the Soviet Union. This was hinted at by Dr James Ionson, director of the advanced science and technology office of the SDI Organisation. He said that the technical debata over the programme missed the main issue.

"The argument over wbether a system could be 100 per cent effective is irrelevant. The strategy, however, has got to work. We have got to convince the Soviet Union to adopt shield technology rather than build offensive weapons.

"If thay don't do this but instead start to find ways of gatting around our shield, then this will prove to the world their aggressive attitudes."



Brana Radovic

Men and Matters

Will JR stay with Auntie?

The real life saga of Dallas, the intensely political and intriguing tala of rivalries in the British television industry, bas reachad a climax. Lord Thomson, International Broadcasting Authority chairman, yesterday asked Kevin O'Sullivan, president of Dallas distributors Worldvision, to allow tha series, poached by Thames from the BBC, to be given back to the Corporation.

The Thames move appeared to break a gentleman's agreement that a series already showing on one UK channel should not be grabbed by a rival.

Other ITV companies, as well as tha BBC, faared that if the agreement were broken, it could lead to a price war ovar material acquired in the U.S.

All Worldvision bad to do was to turn a blind eye to which British channel actually showed the oily soap opera. Somebow tha money for the $60,000 an apisode agreed in the contract would be found.

The BBC was ready and willing to negotiate a price with Thames and the other major network ITV companies wera prepared to meet the difference to let everybody off the book. But O'Sullivan stood bis ground and said Thames bas done nothing wrong in acquiring the UK rights. The contract was binding, and that was thet.

But even as Thames starts to think about when it will put the top-rated saga into the schedule, there is one more small twist to the plot. O'Sullivan is to meet Alasdair Milne, BBC director general later this week. Tha meeting will probably be tha last chance of keeping J. R. Ewing in the Corporation.

Smoke signals

John Bloxcidge is rarely photographed without a cigarette—and the occasions are likely to ba even fewer in future. He takes over on August 1 as managing director of Imperial Tobacco, Britain's biggest cigarette manufacturer.

Currently president and managing director of Wilkinson Sword consumar products, Bloxcidge will take over day-to-day operations from Andrew Reid, who now combines the post of chairman with that of md.

Reid will remain chairman, but plans to retire in 1987 wben be reaches tha age of 60.

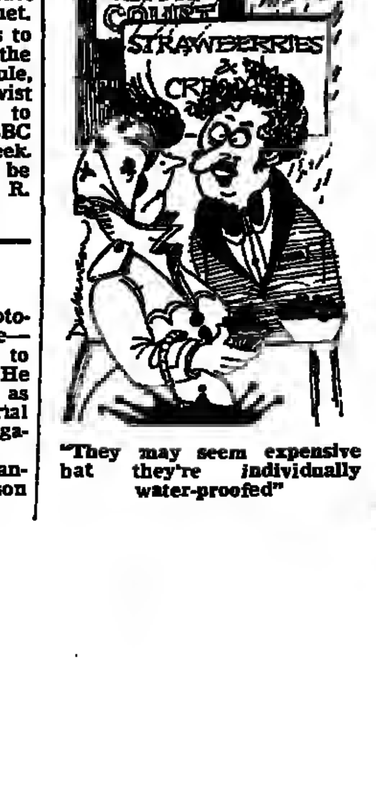
Formar managing director of the Prestige group, which be joined after reading law at Cambridga, Bloxcidge was recruited by Wilkinson Sword in 1979 wben tha company, part of tha U.S. industrial group, Allegheny International, was strengthening its management.

Bic's competition in tha razor blades market bed destroyed Wilkinson's profits base; and Bloxcidge says one of bis first tasks was to rebuild morale.

It is a skill that could prove useful within the tobacco industry which has been suffering lately from bouts of redundancies as smoking comes under sustained attack from tha Treasury and the health lobby.

Imperial Group's profits still largely coma from its tobacco interests — and the aggressive marketing which bas been the ballmark of Wilkinson under Bloxcidga should be an advantage in Imperial's highly competitive industry.

Bloxcidge has been appointed to tha group board and will also be joining the chairman's committee, the inner circle involved in the group's strategic planning.



"They may seem expensive bat they're individually water-proofed"

Trading places

To baar its officials speak, Comecon is the greatest thing to have happened to Eastern Europe in living memory. But the man in the Warsaw street takes a mora jaundiced view.

The Polish capital, which bosts a three-day meeting of Comecon leadars this week, still has not forgotten tha chaos csused in April wben it entertained the Warsaw Pact's top men for tha renewal of their military alliance.

"Can't they bold their meetings somawbere else?" was tha general comment yesterday, as peopla remembered bow buses and trams full of rush-hour crowds were kept waiting while seemingly endless convoys of official cars passed.

This tima, the square outside the Victoria Intercontinental botel—closed a couple of years ago to prevent the laying of a giant cross of flowers in memory of the victims of martial law—has been turned into a massive carpark for the Comecon cars.

Inside, the hotel has been cleared of the hard currency Westarn guests and handed over to the soft currency Comecon delegations. Western brand-named goods bave been hidden behind tastefully-arranged decorations in the long-established Pewex (bard currency) shop, and goods from Warsaw department stores only are on sale until the summit is over.

As during the Warsaw Pact meeting, televsion programmes will also be changed. Fewer programmes from the Western side of the Iron Curtain will be on view.

Sub-letting

"Friendly bome, preferably in UK, sought for unwanted nnclear missile submarine. Now surplus to requirements of sole previous owner. Some attention needed."

Sucb an offer may soon be appearing in Whiteball if Duncan Hunter, a Republican congressman from California, has his way.

Tha conservative Hunter was struck by a brainwave while angrily mulling over President Reagan's plans to dismantla a Poseidon submarina, the USS Sam Rayburn, to keep the U.S. within the SALT 2 strategic arms limitation treaty this antumn. Tha valuable 16-missila Poseidon, be felt, sbould be saved for the free world — so why not giva it to Britain?

Hunter bas now succeeded in persuading the House of Representatives to put the suggestion in an amendment to next year's U.S. defence bodget. It would require President Reagan to report to Congress on the feasibility of giving the submarine to the UK or finding some other military role for it.

But it appears the Royal Navy does not want it. The UK will start to trade in its four Polaris subs for tha new Tridents in the 1990s, and hardly needs an ageing spare of a different make.

So who else might want it? "We were thinking of offaring it to Israel," says a congressional aide. What? — "We bava a kind of dry sense of humour on Capitol Hill," comes the reassuring reply.

Observer

Letters to the Editor

Compromise and the Community

From Mr N. Forwood

Sir,—After the recent exercise by Germany of its "veto" under the so-called "Luxembourg compromise" and in the run up to the Milan summit (where majority voting will again be high on the agenda), a few observations on this issue may be timely.

Amedée Turner's letter ("Is the veto illegal?"—June 14) rightly raised the question of whether a failure of the Council to proceed to a vote through threat of the use of the "veto," could be unlawful. In the event, the Italian presidency put the question of cereal prices to the vote, and a different but no less important question now arises.

Denmark, France, Greece, Ireland and the UK, by expressly basing their abstentions not on the intrinsic merits of the Commission's proposals, or eveo on tbeir own assessments of national or Community interest and the objectives of the Common Agricultural Policy, but solely because of the Luxembourg compromise's requirement of unquestioning acceptance of one state's assertion (however spurious) that a legislntive proposal woufd be contrary to its "vital national interest," would seem to have clearly failed to fulfil the obligations on them under Article 5 of the EEC Treaty: to "facilitate the achievement of the Community's tasks" and, above *all*, to "abstain from any measure whicb could jeopardise the attainment of the objectives of this Treaty."

There can also be little doubt that the Luxembourg compromise, by effectively substituting a *requirement* of unanimity in voting in Council for the majority voting that is expressly provided by the Treaty, is itself incompatible with Article 5.

If the Luxembourg compromise acquires a spurious "legal respectability," by its legal validity remaining unchallenged now that it bas actually heen exercised, it will be destructive of all prospect of attaining the progress in the Community that all want to see. A recognition, in Milan, that the compromise is fundamentally contrary to the letter and spirit of the Treaties could be the greatest step forward that the European heads of Government could now take.

Nicholas Forwood.

118-128 Avenue de Cortenberg —Bte 6, 1040, Brussels.

Voting and abstentions

From Mr M. Mendelsohn

Sir,—Samuel Brittan's argument for electoral reform (June 20) is accompanied by a table showing some election simulations worked out by Dr Gordon Reece, of Bristol. I show, instead, a table showing bow we actually voted and what we got in eight General Elections since 1959. The table is presented in a form politicians do not like, because it gives prominence to abstentions as a form of political expression.

The table shows that the Tories have lost ground during the past 26 years and that Labour bas lost even more. The most important trend, bowever, is the increase from a quarter to *almost half* in the proportion of voters supporting neither of the two major parties.

The increase in abstentions from about 20 to 30 per cent and the growing vote for Parties without *any* obvious prospect of forming or even joining a government are clear signs of dissatisfaction. Less clear is whether the electorate is dissatisfied with the major parties, or wbetber more voters are moving towards Lord Hailsham's condemnation of "Cabinet dlctatorship." Both infiuences are probably at work.

I agree with Samuel Brittan that proportional representation has produced the opposite of weak and chaotic governments in Germany and Scandinavia. A shift to PR in this country, bowever, could be brought about ooly by the two parties who would stand to lose most from sucb a change, and I do not share Mr Brittan's belief that careful argument might eventually persuade the Tory and Labour parties to take a different view.

What else is there? My bope is for a drift towards greater democracy and more open government, led by MPs who take to voting against their parties on some measures, but without leaving their parties as a result. Governments obliged to win over the legislature would, of course, need to provide more information to MPs and, consequently, the public too. Let the backbenchers of Westminster take to the barricades. They bave nothing to lose bnt their boredom.

M. S. Mendelsohn,

35, Rochester Square NW1.

How the British voted (per cent) . . .

Tory	39	33	32	33	30	26	33	33
Labour	35	34	36	31	29	29	27	20
Other*	26	33	32	36	41	45	40	47

. . . and Parliamentary seat (per cent)

	1959	1964	1966	1970	1974	1974	1979	1983
Tory	58	48	40	52	47	44	53	61
Labour	41	50	58	46	47	50	42	32
Other*	1	2	2	2	6	6	5	7

* Includes abstentions.

Source: "Election expenses" HMSO

Access to Westminster papers

From Mr P. Luff

Sir, — On the subject of obtaining documents at the Palace of Westmioster, I believe that the comments of Sir Geoffrey Johnson Smith, chairman of the Select Committee on Members' Interests, made during questioning of the Institute of Public Relations say it all. "The availability of Parliamentary papers end information as described by Mr Luff is primarily a matter for the Services Committee, nnd certainly I think we all recognise the fact it is difficult for ordinary members of the public to know what House papers have been published, and there is often considerable delay in obtaining papers which have been ordered."

With regard to Miss Gunn's comments (June 21) about the Sale Office, I would draw to her attention the book "Parliament and Information," by Dermot Englefield, deputy librarian of the House of Commons. In this book he refers to the report of the Services Committee made during the 1976-77 session: "It was agreed that the present position of the Sale Office, deep inside the Palace of Westminster where an official pass was needed to gain access to it, precluded it being a useful service to the passing public whose numbers and needs were increasing."

I am sure that Fiona Gunn shares the view of both the Services Committee and the Members' Interests Committee that Parliamentary information should be made more freely available. The Commons Library has done a great deal to help in recent years, but more is required if the information available to Parliamentarians is to be genuinely freely available to the general public.

Incidentally, I am also confident that the House of Commons and indeed the House of Lords would find they could both make a bandsome profit into the bargain if the public sale point in the Westminster area were to be established.

Peter Luff.

Good Relations Public Affairs, 59, Russell Square, WC1.

Watch-dog with no bite

From Mr S. Sarl

Sir,—An "Independent solicitor complaints body" (June 18), or the equivalent, was recommended by the Royal Commission on Legal Services way back in 1979. It was to be nomineted by the Lord Chancellor. "In this way," the report said, "the lay element will be an active part of, and not a mere adjunct to, the complaints procedure . . . As a result, the number of cases referred to the Lay Observer may diminish to the point where there ceases to be any need for his services."

Nothing has changed since. When I telephoned the Law Society and asked what had happened to my complaint I was informed that a letter had just been drafted which I would receive in a few days. No letter arrived. Two months later I telephoned again and received a similar reply. Again, no letter arrived. The Lay Observer looked into the matter and said the Law Society had not given hime any correspondence to enable him to report on the society's treatment of my complaint. Why not? Because the society said it was unoble to trace it.

Perhaps Sue Cameron is right when she writes that the society has takeo measures to improve the way it deals with misconduct complaints. The problem here remains with the Lord Chancellor, whose watch-dog neither barks nor hites and does not eat meat because it is not given any.

There are supposed to be two categories of complaint, namely negligence and misconduct. Actually, there are grounds for three. The Law Society allows solicitors to engage in other business. For instance, a solicitor can be a director and act as solicitor within the same company. This is, in effect, a licence to engage in other business in a solicitor's office, which is, technically, malpractice, if discovered. It need not be discovered: a solicitor must keep his clients' business secret. Meantime, the Law Society says it does not tell a solicitor how to conduct his business. Anyone who complains to the Trading Standards Office about commercial operations in a solicitor's office is told that it is a matter for the Law Society to investigate, but the latter will say that it is a matter for the courts.

S. H. F. Sarl.

236 Fore Street, N18.

Discrimination against men

From Christine Allen.

Sir,—In response to Mr Purches letter (June 21) about discrimination against men in motor insurance versus discrimination *against women* in pension schemes, there are a few points.

Few occupational pension schemes give widowers' pensions and if they do they do not cost as mnch, in actuarial terms, as widows' pensions so that women contributors and their families have benfited moch less than men. With women able to take on more demanding careers the gap between male and female longevity may decrease.

Above all, however, pensions are about saving for a dignified old age and about quality of life in declining years. Those people who do live to over 80, *of which* women are now the majority, need more expensive help and services, not less. It aeems callous to draw parallels with men's motor insurance.

For his information, the Equal Opportunities Commission has a policy against all discrimination in insurance and calls for repeal of section 45 of the Sex Discrimination Act.

Christine M. B. Allen.

12, Priors Way, Olivers Battery, Winchester, Hants.

A tantalising prospect

From Mr A. Harper

Sir, — Mr Harrington of Tioxide Pension Fund (June 21) raises a tantalising prospect, namely, that in response to the successful abolition of the state earnings - related pension (SERPS), many employers would cease running their occupational pension schemes.

There must also be many, and an increasing number of, employees who would be highly pleased by the opportunity to receive a personal portable portion out of one of these amorphous money masses. If such as one of these old-style defined-benefit schemes could be carved np, equitably, and if the employees continued to receive defined (deferred-pay) cootributions into each newly personalised pot, this system would surely stand to be better fitted to meet current employment conditions, wbere labour flexibility and mobility are paramount (for the employer!) and long service awards are weekly prizes given to voloble vicars.

Arnold J. Harper.

31 Russell Road, SW19.

Provision for retirement

From the Chairman, Martin Paterson Associates

Sir,—I agree with Mrs Kaye (June 20) that the FSSU (federated superannuation system for universities), and indeed the FSSN (the sister scheme for nurses), is not by itself a fair test of the success or failure of money purchase as a means of retirement provision. But neither do I think that improving the investment medium will turn failure into success.

There is no reason why money purchase should not work well enough in covering the earlier stages of a person's employment when frequent job changes are being made. The real problem arises with the last period of employment, especially when this, as often bappens, is a relatively long one. Even should contributions have been well invested, the fact remains that the pension these secure is very dependent upon economic conditions at the time of retirement—a date, incidentally, which the employee, unlike a self-employed person, is unable to choose for himself. If at retirement be is disappointed with the amount of pension his money buys (and he is likely to be comparing this with his salary level at the time), it is natural that he should look to his last employer to supplement this. He will be even more disposed to do so if that employer asks him to retire early, or if early retirement is forced on him through ill-health.

Money purchase pensions, after all, are based on simple economics which do not take account of need—you get your money's worth and that's it.

Accordingly, I suggest that while money purchase can be a valid and useful method of pension provision in certain types of employment, it is unlikely to stand the test of time if operated entirely on its own. The wise employer will design his pension arrangements to cover those who may retire from his employment as well as those who, after varying periods of service, leave to join other firms. All these eventualities can be covered, bnt only if money purchase is supported by complementary *funding measures*.

Martin Paterson.

10 Buckingham Place, SW1.

The efficient market theory

From Mr J. Cornford

Sir,—I must thank Mr Mully (June 18) for falling so deftly into two of the traps of efficient market theory. Extricating him allows me to explain their nature.

It may be the case that a aeries of random numbers could produce apparently stable trends. Those, however, that occur in share prices can be seen to have other explanations which, when examined closely enough, are more credible than the random walk.

EM theorists have to cling to the latter because only it supports their further assertion (which presumably fits their own experience) that no one can call npon better information or analysis to predict n company's fortunes than is available in the market.

Examining the price history of many shares, alongside published brokers and press comments, shows how the trends which certainly exist, are associated with movements of opinion as they percolate through the market. Almost always there are differences in recommendation, and often in quality of argument, between brokers' reports. Even if it be only hindsight which links a trend to such a dissemination of views, that is enough for the random walk explanation to be discarded, whereupon the whole presumption that nothing else, save 'news,' can affect prices collapses.

The second trap is to confuse the efficient setting of prices within some set of ahares, at a given time, with the totally different question; "Do those prices reflect as accurately as possible, allowing for interest rates and discounts for risk or delayed returns, the different future prospects of each share?"

For the corporate financier it is true that, for example mnltiple regression models can show close fits of prices with various apparently rational parameters at a given time, and identifying them is necessary in order to set new issue prices.

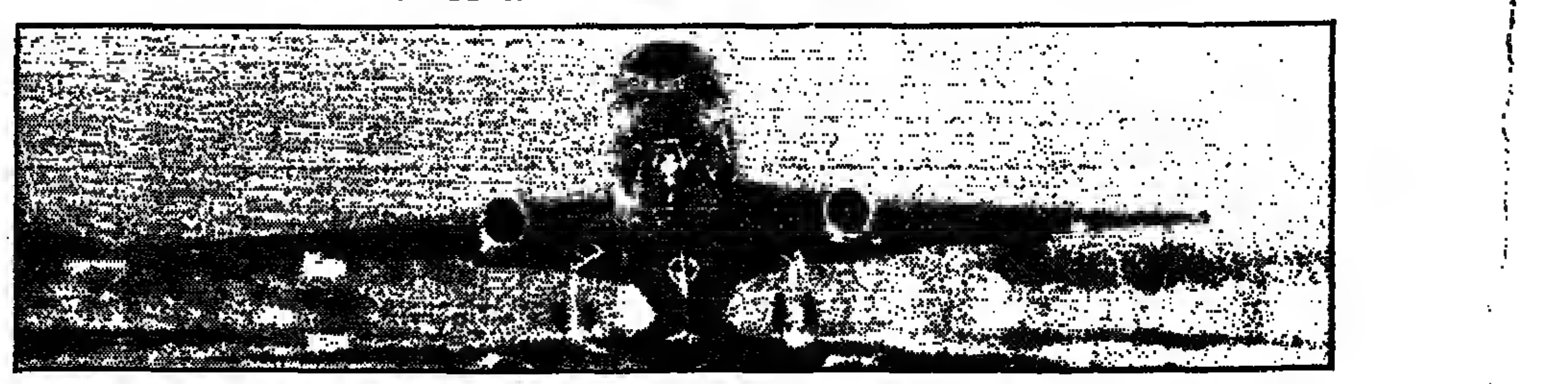
On the second question, however, that investment funds are automatically directed towards the best returns was disproved by the studies of the merger and new issue boom of the early 1970s, which concluded that it had led to less efficient use of shareholders' funds. Obviously the investors who put up the money were not as clever as the corporate financiers who took it from them.

For further evidence of the inefficiency of markets it is only necessary to find one fund manager who consistently beats it to show there is scope for more informed judgment than others might exercise, and some research by e.g., the London Business School seems to have identified such people. That most may underperform does not necessarily say anything about their judgement because, especially in larger funds, there are sheer management difficulties in putting it into practice, ranging from dealing problems, to inhibitions to switching arising from costs. On the other hand, could it be that they subscribe to the efficient market theory!

John D. Cornford.

1 Old School Cottages, Lynwick Street, Rudgwick, Horsham, W Sussex

AIR TRAVEL SECURITY



Glyn Genin

Holes in the safety net

By Michael Donne, Aerospace Correspondent

THE DESTRUCTION of the Air-India Boeing 747 in the Atlantic, the bomb outrage at Narita, Tokyo, that killed two baggage handlers and the continuing hostage crisis in Beirut following the hijack of a TWA jet, highlights yet again how vulnerable the air transport industry is to terrorist attack.

No ooe knows for certain whether terrorism is responsible for the *Air India disaster*—the view in aviation circles increasingly is that no other explanation is feasible—but combined with the other events it is bound to encourage authorities world-wide to take a much closer look at security arrangements.

But bow high are security standards at the moment and how effective are any improvements likely to be?

The requirements for civil aviation security are laid down by the International Civil Aviation Organisation, the aviation technical agency of the UN, through conferences of aviation security experts from the 140-plus member-countries. But ICAO, which has oo mandatory power, can only make recommendations, so that its policy is generally to require individual countries to make and enforce their own detailed security cootrols.

A three-level joint airport security system is recommended hy ICAO for the protectioo of airports and aircraft. The first level, now employed at most major airports, is the oormal practice of electronically screening hand baggage and making passengers pass through the *detectors*.

The secood level includes more stringent body and baggage searches, and wider and more visible use of detection devices, usually after an incident has alerted the security aothorities to the possibility of recurrence. In recent days, for example, security procedures at London's Heathrow and Gatwick have been noticeably more thorough.

The third level is full emergency, involving national police or the armed services.

On top of this, the recommended systems include regular patrols hy police and sometimes armed guards of all areas which terrorists could enter, plus controls over vehicle and other access to aircraft aprons, the positioning of spectator bays well away from aircraft loadiog and unloading areas, and adequate floodlighting at night.

Individual airlines, meanwhile, are free to organise their own security regulations —many have done so, although because of the pressures of rising air traffic, and increasing congestion at many airports, some measures are not enforced as strictly as they either could, or should be.

The fact is that security checks are toughest in countries which are a major target for terrorists. El Al, the flag airline of Israel, requires its own and other airlines' passengers going to Israel to report at the airport sometimes two to three hours before departure, so as to enforce the strict body and baggage searches, including the opening and meticulous scrutinising of baggage to be stowed in the *aircraft's* bolds.

At airports served by El Al, or by other airlines with flights destined for Israel, passengers have to pass through special areas blocked off in the departure terminals.

All airlines using Heathrow and Gatwick have their own systems for correlating the numbers of items of baggage checked in for storage in the bold against boarding passes issued.

The International Air Transport Association (Iata) operates its own mobile security check. A monitoring team moves around the world's major airports, studying security arrangements overtly and sometimes even covertly. *Laxity* can thus be drawn to the attention of airlines, and taken up with the appropriate authorities. More significantly, Iata can bring all airlines at an airport together, and make a united approach to the Governmeot authority concerned to get something done.

This was what happened at Athens, for example, where the Iata team ideotified security slackness and sought action from the Greek Government. So far, it appears to have hrought nothing more thao protests from the Greek Government, although a major meeting between airlines such as British Airways, *Pan Am*, TWA and others serviog Athens is to be held with the Greek authorities.

The Iata team has identified several other major airports where it helieves security is slack, including two in the Far East and three in the Middle East. But it declines to identify them. It *is pursuing* the matter with the governments concerned, and hopes improvements will be made. It has in recent years surveyed 40 of the world's major airports—again, it prefers not to identify them—and is continuing this study. Broadly, Iata says it is satisfied with security at most of them.

Defending air transport against terrorism, however, is an almost impossible task. With close lo 1bn scheduled passengers a year (well over that figure if non - scheduled travellers are inclnded) and with several millions of take-offs and landings every year, total security is impossihle short of turning every airport lnto an armed camp with regular *ruthless* body and baggage searches.

The problem is even worse for the air cargo industry. Many millions of tonnes of cargo are carried each year in the belly-holds of passenger wide-bodied jets — unaccompanied, often consolidated into containers outside the airport, and difficult to X-ray or otherwiae examine without unloading.

Several steps will have to be taken to improve the situation. One must be a tightening everywhere of existing security prorednres.

Second, the pattern of air transport development itself may have to change. More scope may have to be huilt ioto airline timetables to allow for tougher security screeoing. This will probably also mean delays—the Air-India Jumho was said to be 1½ hours late leaving Montreal because of security checks—which in turn may slow the pace of growth of air transport.

Third, a secret aviation intelligence gathering organisation working solely on behalf of the airlines and airport authorities, may have to be developed.

But, the grim truth is that total security will probably never be achievable. One ruthless terrorist in a Dormobile parked on the roof of any one of Heathrow's Central Area car parks, or even outside the airfield perimeter, and armed with a shoulder-launched missile device, could shoot down any arriving or departing airliner. The thought is frightening, but it cannot be dismissed.

Security must now be considered more than a peripheral add-on to aviation, not just an inconveoience to be suffered by airlines, airports, passengers and cargo shippers. Safety, after all, has always been the cardinal requirement of aviation. Aircraft structurally are stronger than ever, as a result of past experience, and everything from initial aircraft design through to ultimate service is done with safety in mind.

FINANCIAL TIMES
Tuesday June 25 1985

James Buxton in Rome profiles Sig Francesco Cossiga, the next President of Italy

Italy's man of principle bounces back

THE ELECTION of Sig Francesco Cossiga as President of Italy crowns a career that more than for most people explains exactly what kind of man he is.

In 1978 he became the only Italian minister ever to resign as a matter of honour, when the Interior Ministry, over which he presided, failed to save Sig Aldo Moro, the former prime minister, who was kidnapped and later murdered by the Red Brigades.

The following year he bounced back to become prime minister, thus ending a political crisis that even the most hardened observers of the Italian scene regarded as one of the most intractable. It turned out that Sig Cossiga was the only man on whom everyone could contentedly agree.

A year later, in 1980, his prime ministership ended in tears, but in 1983 the same factors came into play when he was elected president (or speaker) of the Senate – the second most senior position in the Italian hierarchy after the President of the Republic.

So it is with Sig Cossiga's election yesterday. He is an upright, conscientious and sincere man whom no one dislikes and everyone respects. After the highly successful presidency of the 88-year-old Sig Sandro Pertini, Sig Cossiga fulfills the need for a man in the Quirinale Palace who is a Christian Democrat and yet at the same time sufficiently above the political battle to be an impartial head of state.

Most Italian politicians succeed because they have the personality and the special zest for political infighting to build up and lead their own faction within their party. But Sig Cossiga has succeeded because the Italian system also allows one or two jobs for those who have done nothing of the kind.

The adjective many Italians use to describe Sig Cossiga is "Inglese" or English. He is the nearest that any Italian politician comes to embodying what are seen in Italy as the virtues of the Englishman of public affairs.

It may not be a coincidence that Sig Cossiga not only speaks good English – a rare thing among his political colleagues – but is one of Mrs Margaret Thatcher's preferred Italian politicians.

As for Sig Cossiga, the historical figure he most admires is Sir Thomas More, the Lord Chancellor of King Henry VIII. A reproduction of the Holbein portrait of More hangs in his study.

Sig Cossiga is a Sardinian, born from the same network of good families on the island that produced his cousin, Enrico Berlinguer, the late Communist Party leader. Like many Sardinians, Sig Cossiga is serious and a little melancholy – but he is also extrovert and chatty. One of his hobbies, apart from a love of gadgets is to be a radio ham. His call sign is Andy Capp.

He is a man who suffers feelings very deeply. He was horrified by the Moro tragedy and has never found it easy to talk publicly about an incident that not only humiliated the state and his own efforts to create an effective police force, but also deprived him of a close associate.

While prime minister he was shattered by a ruthless and apparently unfounded challenge to his probity launched by Sig Berlinguer. Although he survived the impeachment attempt, his prime ministership collapsed not long afterwards, and his hair has been white ever since, although be is still only 56.

Indeed if there is a question mark about his aptitude for the presidency, it is whether he has the toughness to survive for seven years at the top of a political system in which the game is played with very few holds barred.

For he will not – at least to start with – have the protection against serious criticism that Sig Pertini enjoyed, thanks both to his age and to his robust personality.

Political observers in Rome expect Sig Cossiga to be a president who plays the role of a mediator rather than of a leader. That is after all what the president, whose powers are highly circumscribed, is supposed to do. But nobody expected a man with the sense of what is correct that Sig Cossiga has to take orders from anyone, no even Sig Ciriaco de Mita, the Christian Democrat secretary, who secured his election.

Sig Cossiga is not likely to bring glamour to the Quirinale Palace. His wife Giuseppa has almost never been seen in public nor have his two children, both in their early twenties.

Francesco Cossiga is likely, in fact, to go on being himself. Earlier in his career he said, of the role of minister: "To me being a minister is doing a particular kind of job. I do not think that there is a zoological species named minister, and if there is I do not want to be part of it."

EEC will respond to U.S. pasta restriction

By Ivo Dawnay in Brussels

OFFICIALS of the 10 EEC member states yesterday gave their backing to a European Commission plan to retaliate against the U.S. if it carries through its threat to impose duties of up to 40 per cent on pasta exports from the Community.

A special committee agreed that such a move by Washington would be met by equivalent EEC duties on nuts and lemons – products singled out as sensitive to the Californians, whose complaints sparked this latest outburst of tit-for-tat trade skirmishes.

California's anger was originally directed against the long-standing preferences given by Brussels to its Mediterranean trading partners' citrus exports. Although a panel under the General Agreement on Tariffs and Trade found for the U.S., the EEC succeeded in blocking any definitive conclusion when the issue moved to the Gatt council.

The European Commission complains that unilateral action by Washington is contrary to Gatt and unnecessarily provocative in an already tense world market for farm produce. It adds that the preferences allowed to the Mediterranean are aimed at aiding developing countries along lines of the U.S.'s own Caribbean Basin Initiative.

The U.S. will now have to decide whether to press ahead with its retaliation against the EEC by imposing duties of up to 40 per cent on pasta imports.

Bush to review pasta curbs, Page 3

Kleinwort reaffirms Al-Fayed ownership of House of Fraser

FINANCIAL TIMES REPORTER

"THE Al-Fayeds acquired the House of Fraser with their own cash resources," Mr John MacArthur, a director of merchant bank Kleinwort Benson said yesterday, with reference to an article printed in the Financial Times on May 31.

Kleinwort advised Mr Mohamed Al-Fayed and his brothers Ali and Salah when the three Egyptian-born financiers made their successful bid for the House of Fraser stores group, which owns Harrods, last March.

The bid, at 400p per share, valued the whole group at £615m – but involved a cash outlay of just under £570m by the Al-Fayeds, who acquired an initial 29.9 per cent in November, 1984 at 300p per share from Lonrho.

Mr MacArthur again confirmed the statements publicly provided by Kleinwort and accepted by the UK Government and others at the time of the bid, that the Al-Fayeds acted entirely on their own behalf in March "and are the beneficial owners of the House of Fraser group."

Referring to speculation that they might have drawn on financial support from other quarters, he added that the Al-Fayeds had neither drawn on bank borrowings nor loans from any other party to make their purchase. Mr MacArthur said the funds used for the purchase had been accumulated over many years by the Al-Fayeds and derived from operating profits on an extensive range of international business interests – private as well as public – including construction, shipping, property, oil and banking.

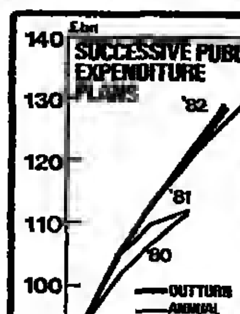
He added that comment in the Financial Times on May 31 – to the effect that there exists a discrepancy between the assets of the Al-Fayeds and the size of their cash bid for the House of Fraser – had failed to take account of many of these business interests and the accrued interest and foreign exchange gains on their accumulated profits. In addition, he said a fair valuation had not been given of assets publicly known, such as the Paris Ritz hotel, which has been extensively refurbished in recent years.

It was untrue, Mr MacArthur said, to state that Mr Mohamed Al-Fayed owned a whisky distillery in Scotland: the distillery located on their Balnagown Castle estate is totally independent, he said. Equally untrue was the statement that Mr Mohamed Al-Fayed was only a half-brother of Ali and Salah.

● The Al-Fayeds' lawyers have told us that their clients endorse Mr MacArthur's remarks. We regret the suggestion in our article of May 31 that no one seemed yet to believe the assertion by Kleinwort and the Al-Fayeds that the Al-Fayeds were the beneficial owners of the House of Fraser shares and we apologise for any embarrassment this suggestion may have caused for either party. We accept that assurances as to beneficial ownership made by the Al-Fayeds and backed by Kleinwort Benson were accepted by the UK Department of Trade and Industry and other Government bodies.

UK industry urges Lawson to make early cut in base rates

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON



BRITISH industry made an urgent plea to the Government yesterday for a rapid and substantial cut in the burden of interest rates.

Sir Terence Beckett, director general of the Confederation of British Industry, the employers' organisation, wrote to Mr Nigel Lawson, Chancellor of the Exchequer, yesterday urging him to engineer a 2-percentage-point cut in bank base lending rates to 10½ per cent without delay.

He told Mr Lawson that Britain's interest rates were now the highest among the leading industrial countries, both nominal terms and after adjusting for inflation.

His plea followed unanimous agreement among senior industrialists in the CBI's 13 regions that high interest rates and the associated rise of the exchange rate were beginning to threaten overseas competitiveness and the growth of Britain's exports.

UK interest rates are now 3 percentage points higher than they were at the turn of the year, a rise that would add £750m ($965m) to industry's costs over 12 months.

However, Britain' industrialists are likely to get a dusty answer from the Treasury, which remains worried about inflationary pressures, not least because of the creeping increase in private-sector wage settlements.

Since UK bank base rates were raised to 14 per cent in the January sterling crisis, the broad measures of the money supply have failed to show that the Government's anti-inflation strategy is securely back on track.

In spite of sterling's rise of 25 per cent against the dollar and 15 per cent against all currencies since that low point, the Treasury has remained cautious about interest-rate prospects, and the Bank of England noticeably more so.

The authorities appear to believe that a relatively strong sterling is the best hope for squeezing import costs and so bringing inflation down from the 7 per cent annual rate recorded in May. That was the highest figure for more than 2½ years.

The Treasury may also be hoping that the squeeze on industry's margins from a strong exchange rate may encourage companies to resist increased wage demands in the September pay round.

Yesterday, however, Sir Terence told a news conference that industry would not mind if sterling fell somewhat from present levels. He said high interest rates had contributed to the inflation figures by pushing up mortgage rates. A cut in mortgage payments would be very helpful for the next pay round.

He said: "We want a 2 percentage point cut for starters, and then we will see where we go."

The CBI calculates that after allowing for inflation, three-month interest rates in Britain are about 5½ per cent in "real" terms. That compares with "real" rates of 3¾ per cent in France, 3 per cent in West Germany, 3¾ per cent in the U.S. and 4¼ per cent in Japan.

This differential has helped to push sterling to its strongest level for nearly three years against European currencies.

The CBI says that if British interest rates fail to follow the recent reduction of U.S. interest rates, the pound will appreciate further against the D-Mark, with "serious competitive consequences."

It also denied that a cut in interest rates would put pressure on inflation. "All the leading indicators suggest that a fall in inflation is likely," it says.

The latest CBI survey of manufacturing industry, released yesterday, showed that order books were close to an eight-year record level, and that output is expected to continue to increase through this summer. It also suggested that prices were likely to rise less fast this summer than earlier in the year.

Benefits of costs savings, Page 10

Berri demands withdrawal of warships

Continued from Page 1

ing" as they were met by hundreds of relatives.

Patrick Blum in Vienna writes: Austria is emerging as a key participant in the negotiations to free the hostages. Herr Leopold Gratz, the Foreign Minister, said yesterday he was keeping in close contact with Mr Berri and with the U.S. embassy in Beirut.

Herr Gratz stressed that Austria was not acting as an official mediator but was prepared to do whatever it could to resolve the crisis.

William Dullforce in Geneva writes: The Swiss Foreign Ministry also repeated yesterday that while it had offered its "good offices" to resolve the crisis it was not acting as a mediator. It was up to the parties involved to "activate" suggestions that negotiations for the release of the hostages or their actual exchange could take place in Switzerland, a spokesman said.

Olivetti revenues rise 51% to L1,198bn

By Alan Friedman in Milan

OLIVETTI, Italy's leading office-automation company, yesterday announced a 51.3 per cent increase in parent company revenues, in the first five months of this year, to L1,198.5bn ($608m).

At the consolidated group level, the first five months of 1985 showed a 33 per cent rise in turnover to L1,971.9bn.

The figures were presented by Sig Carlo de Benedetti, Olivetti chairman, at the company's annual meeting in Ivrea. He described last year's L356bn net profit on L4,578bn of turnover as the best ever achieved.

Olivetti group debt last year fell from L726bn to L319bn. Group shareholders' funds meanwhile amounted to L1,958bn at year end.

Sig de Benedetti, referring to the "validity" of Olivetti's global partnership with American Telephone and Telegraph, which owns 25 per cent of the Italian company, said the considerable volumes of personal computers supplied to AT&T, together with worldwide sales, ranked Olivetti as the world's third-largest producer of professional personal computers.

In the first five months of this year, Olivetti supplied AT&T with L183bn worth of personal computers. The figure for the whole of 1985 will be L500bn, Sig de Benedetti said. Last year, Olivetti provided L288bn of personal computers to AT&T.

AT&T, meanwhile, had supplied only L9bn of 3B mini computers for distribution by Olivetti last year. In the first five months of this year, AT&T had supplied L18bn worth and for the whole of 1985 the figure would be L40bn.

Sig de Benedetti added that the Olivetti-AT&T alliance would soon be expanded to other market sectors such as private telecommunications and value-added networks (Vans).

AT&T presents new products, Page 19

Norsk Data in Eureka pact with Matra

Continued from Page 1

computer group after IBM, has become the first U.S. computer manufacturer to decide to adopt common standards with European computer companies to make products mutually compatible.

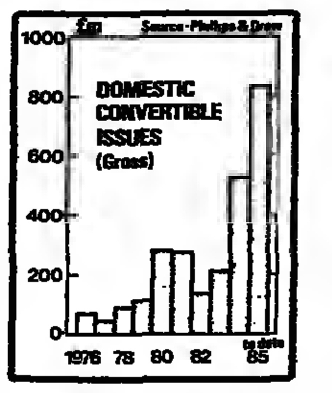
Digital has announced it will adopt the so-called open system interconnection (OSI) standards which have been promoted in Europe as a way to counter the dominance of IBM in the market. Last year, 12 European companies (AEG, Bull, CGE, GEC, ICL, Nixdorf, Olivetti, Philips, Plessey, Siemens, Stet and Thomson) agreed to adopt OSI standards to develop the computer market and try to challenge IBM's dominance of the sector.

The European groups, led by Bull, have also been promoting the implementation of OSI standards by computer manufacturers on both sides of the Atlantic and have held meetings on the issue with U.S. companies. The European companies are now hoping that other U.S. companies will follow Digital in adopting OSI standards.

As in the case of the OSI standards which are ultimately designed to increase the competitiveness of the European computer industry, the French Eureka proposals are also aimed at preventing Europe losing out to the U.S. and Japan in key new technology areas.

THE LEX COLUMN

Cambridge blues for Olivetti



It is an unfortunate knight who finds his damsel needs rescuing again, but this seems to have happened with Olivetti's piece of errantry in the UK home computer market. It may be that the damsel was not quite what she ought to have been, but it appears that Olivetti's injection of over £10m into Acorn Computer has tided that business over something under 90 days.

As so often in Acorn's recent history, it is hard to know what has happened expect that the group has once again hit its credit limit with its banks or suppliers or both. Even in such a wet summer, sales of the BBC Micro and the Electron may not be adequate to provide the debtor cover for the additional loan facility agreed with the banks at the rights issue. Further, now that Olivetti's name and reputation are involved, the trade creditors will only be encouraged to dig their heels in.

Whether Olivetti does decide to throw good money after bad may depend as much on its *amour propre* as on Acorn's captive educational base – especially as home sales of the BBC Micro have not exactly matched those to the classroom. It may be that Olivetti does not share Mr Robert Maxwell's confidence in a market where Commodore has been forced to make deep price cuts and only Amstrad is holding up by latching on to an earlier stage of the cycle in West Germany and France.

Moreover, Acorn's fortunes do raise questions about the rescue of that other home computer company, Sinclair Research, where a similar announcement of cash-flow problems brought on by high stock levels was followed, in short order, by the sale of three quarters of the business to Mr Maxwell.

Whatever Olivetti decides, the other shareholders and the underwriters must be feeling justifiably peeved that their generosity at the rights issue has had such a negligible effect.

Convertibles

With a falling corporate tax rate guaranteed to drive up the true cost of bank debt, at least in relation to equity yields, a surge of convertible issues in 1985 was only to be expected. The sheer volume of convertible paper that has been printed so far this year is nevertheless remarkable, just about level with the total offerings of the previous three years and more than the entire capital raised on the USM since its opening. It is as if the whole community of finance directors had been to the same weekend seminar.

Convertible debt is attractive enough; this year it must look worth replacing variable-rate bank debt with fixed-rate paper if it can be sold – as semi-equity – on single digit yields. But the convertible instrument which has really come into its own is the preference share, a means of finance which seems explicitly designed to square circles: the convertible pref is a low-cost way to improve capital gearing and pre-tax profits at one go. A flattering refinement is that the standard way of calculating fully-diluted earnings – the earnings measure implied by treating the prefs as equity – does not take account of the cost of servicing the preference dividends up to conversion.

As corporate finance fashions must, convertibles have also worked their charm upon the institutions which underwrite them – trying to get debt-like yields into their equity-based funds. But as the volume of such paper grows, and pricing get finer, it is only a matter of time before some of it starts to get left with underwriters. Some new financing fad will then have to be invented.

John Brown

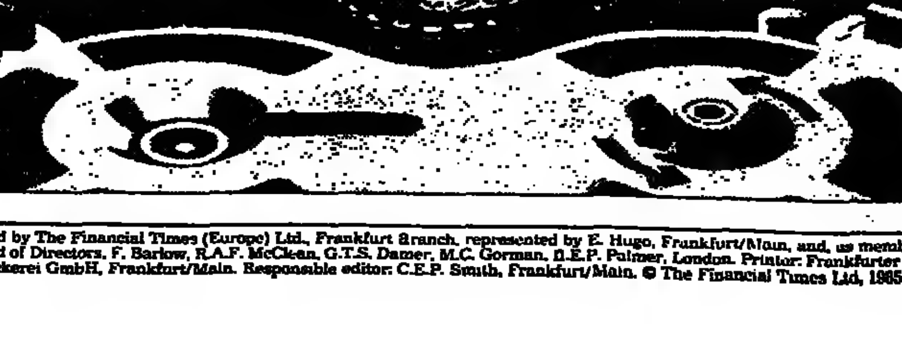
John Brown has always acknowledged that the restoration of its balance sheet would require outside help at some point but neither its bankers nor its shareholders were expecting a call on their pockets as early as next month. Last year's recovery plan indicated a return to profit in the 12 months to March 1986 and a capital reconstruction shortly thereafter.

In trading terms, the recovery is running slightly ahead of schedule. John Brown should have come close to breakeven in 1984-85 despite the high sterling cost of servicing its dollar debt and looks well on target for a return to profit – and perhaps even a nominal dividend – in the current year. But the long-awaited disposal of its Olofsson machine tool subsidiary has still not materialised and without that element of the plan in place, the group can scarcely argue that its objectives have already been reached.

The most plausible reason for the proposed reconstruction is that John Brown has turned up an acquisition which cannot be funded from the existing balance sheet. The present management has displayed a reluctance to spend money quite out of keeping with the traditions of the company but the memory of past deals is vivid enough for any acqusition to be scrutinised with unusual care. And, if it is really to set the balance sheet straight, John Brown will need a sizeable capital injection. A one-for-one rights issue at 25p – par value – and an equivalent conversion of debt to equity by the banks would bring gearing down only to around a quarter – even before an acquisition. And there is, in the case of John Brown, a particular reason for the transaction to win favour. As Dunlop discovered, reconstructions have a habit of adding unfriendly names to the shareholders' register.

Bid referrals

The Office of Fair Trading will shortly make its mind up about two takeover bids, both of which could be referred to the Monopolies Commission on the grounds of precedent. The Guinness bid for Arthur Bell will have the OFT dusting off its Scottish files to leaf through the history of Highland Distilleries and Royal Bank of Scotland. More immediately, the Burton offer for Debenhams will cause the OFT to open its favourite file of all, marked the clout of the retailer. It would, however, be a mistake to refer either of the bids. Neither raises an important competitive issue – Burtons and Debenhams combined would enjoy a share of the clothing market roughly half that of Marks & Spencer – and a referral on other grounds would make a nonsense of the Government's preference for open markets.



World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	21	70	Malaga	S	22	72	Salzburg	R	16	61
Akrotiri	S	27	81	Faro	S	24	75	Malta	S	28	82	Seoul	C	26	79
Algiers	R	27	81	Florence	F	23	73	Manila	R	27	81	Singapore	F	27	81
Amsterdam	F	17	63	Frankfurt	C	17	63	Miami	R	30	86	Stockholm	S	28	82
Athens	S	28	82	Funchal	C	22	72	Milan	F	23	73	Strasbourg	R	16	61
Bahrain	S	35	55	Geneva	C	17	63	Moscow	F	24	75	Sydney	S	15	59
Bangkok	R	22	90	Gibraltar	S	27	81	Munich	R	14	57	Tampa	C	32	90
Barcelona	C	22	72	Guernsey	R	14	57	Nairobi	—	—	—	Tangier	S	22	72
Beirut	S	31	88	Helsinki	T	27	81	Naples	F	24	75	Tehran	—	—	—
Belgrade	T	22	72	H. Kong	R	27	81	New Delhi	C	8	46	Tel Aviv	S	27	81
Berlin	R	17	63	Innsbruck	R	15	59	New York	S	27	81	Tenerife	S	25	77
Biarritz	C	16	66	Inverness	R	15	59	Nice	S	22	72	Tokyo	C	22	73
Blackpool	S	14	57	Istanbul	S	24	75	Oporto	S	22	72	Toronto	C	22	72
Bordeaux	F	19	66	Jersey	F	14	57	Oslo	F	21	76	Tunis	S	26	84
Brussels	C	17	63	Jo'burg	C	14	57	Paris	S	14	57	Valencia	F	24	75
Budapest	C	14	57	Las Palmas	S	25	77	Prague	F	18	64	Venice	S	21	70
B. Aires	C	18	64	Lima	C	19	66	Reykjavik	C	12	54	Vienna	F	18	68
Cairo	S	34	93	Lisbon	S	23	73	Rio de J'o	S	32	90	Warsaw	T	22	72
Cape Town	F	18	64	Locarno	S	21	70	Rome	S	34	75	Zurich	C	16	61
Caracas	C	27	81	London	C	18	64								
Casablanca	S	23	73	Los Angeles	C	26	79								
Copenhagen	F	17	63	Luxembourg	R	13	55								
Corfu	F	25	27	Madrid	S	29	84								
Dublin	C	16	61	Majorca	S	28	84								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Crash probe on Sikhs

Continued from Page 1

There was no question of technical faults or metal fatigue. The aircraft had not even completed half its normal flying life of 15 years.

He said the high-level investigation into the disaster was expected to include the Federal Aviation Authority of America, the Boeing company, the British Aviation Authority, and the Irish Government. The Canadian Government also wanted to be involved because a large number of those killed were Canadian nationals of Indian origin.

The Indian Government's judicial inquiry, announced on Sunday by Mr Rajiv Gandhi who is Minister for Tourism and Aviation as well as Prime Minister, would probably not start until the expert inquiry was completed, said Capt Bose.

● European Community transport ministers meeting in Luxembourg pledged yesterday to maintain the highest possible level of security in civil aviation.

They urged EEC leaders to discuss the problem of terrorism at their summit to be held in Milan at the end of the week and firmly condemned "any criminal interference whatsoever in civil aviation."

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday June 25 1985

Surprise resignation by Arco president

By Our New York Staff

MR BILL KIESCHNICK, the main architect of the sweeping restructuring programme at Atlantic Richfield (Arco) of the U.S., has stunned Wall Street by announcing his resignation as president less than two months after he introduced the changes.

In a prepared statement, Mr Kieschnick, who is 62, indicated that he was stepping aside to let a new management team push through the reshaping of the company which he launched.

"We have firmly established thet the primary focus of the new Arco will be in the hydrocarbons busiaess," he said. "Now, with our recent goals for the company in motion, I find it timely to proceed."

There was some speculation on Wall Street yesterday that Mr Kieschnick'a departure was related to internal disagreements about the future of the company, which will be writing off $1.3bn this year to cover the losses oa the sale of its non-oil operations. Arco's share price, however, remained substantially unchanged yesterday in response to the news, slipping in line with the market by $¼ to $57⅞ in early trading.

Mr Kieschnick will be succeeded as president and chief executive by Mr Lodwrick Cook, 57, *currently* the chief operating officer in charge of refined products operations. Mr Cook will thus step up from a division which has been one of the main victims of the restructuring.

Denmark plans market in bank certificates

By Hilary Barnes in Copenhagen

THE DANISH central bank plans to introduce a market in bank certificates from August.

The market will replace the present tranche system by which commercial and savings banks are able to borrow from the central bank for purposes of cash management.

The bank said the new system would enable it to exercise a more flexible management of liquidity and short-term interest rates.

The certificates, with maturities of up to 3½ months, will be issued exclusively to banks and can only be traded among banks and savings banks. They will be sold at a discount and redeemed at par. Rates of interest will be fixed daily.

Lego to set up plant in Brazil

By Our Copenhagen Correspondent

LEGO, the Danish manufacturer of plastic toy building kits, is to set up a 4,000 square metre factory in Brazil in co-operation with Humana, a Brazilian company. Lego will hold 60 per cent of the shares and the Brazilian company 40 per cent.

The Danish company hopes to be able to introduce its products on the Brazilian market late next year.

The factory will be situated in the Manaus free trade zone, enabling the Danes to import some components. Lego already has production facilities in Switzerland

United Technologies forced to revise earnings forecast

BY TERRY DODSWORTH IN NEW YORK

UNITED Technologies, the seventh largest U.S. manufacturing group, yesterday joined the rapidly-growing list of companies predicting a substantial earnings setback from the current slump in computer and semiconductor sales.

As with other victims of the change in computer-related markets, UT seems to have been hit by its problems remarkably suddenly. Only last month, the company was forecasting a relatively optimistic outcome to 1985, saying that its net earnings would advance and that there would be a modest growth in earnings from operations.

Yesterday, however, it said that its overall 1985 operating earnings would be lower than the $284.7m recorded in the year-ago quarter, mainly because of problems in its Mostek semiconductor subsidiary. In the second quarter, it added, it expected Mostek to incur a "significant" operating loss, including about $75m write-downs on inventories to realisable valnes.

UT gave no forecast for its net income in the second quarter, which last year amounted to $169m, or $1.29 a share, on sales of $4.2bn. It also noted that it did not separate out Mostek's operating earnings, although this division and another unit achieved $1.4bn of sales last year, or 9 per cent of UT's total revenues.

UT's announcement was coupled with further indications of radical restructuring at the semiconductor division, which laid off 650 production workers in March. In May, the group said that it was looking closely at all of Mostek's activities and was reassessing its investment in the semiconductor business.

This reassessment, it added yesterday, would include strategic, market, technical and facilities studies, and the results were expected to be implemented during the course of this year.

AT&T unveils new computer products

BY PAUL TAYLOR IN LINCROFT, NEW JERSEY

AMERICAN Telephone and Telegraph (AT&T), the U.S. telecommunications group, yesterday took another big step towards becoming a full line competitor in the computer market.

The *group yesterday* unveiled more than 70 new products that both expand its existing line of computer equipment and enable business customers to connect together office work stations and then plug these aetworks into IBM mainframe computers.

The new products, unveiled at AT&T's Lincroft systems laboratory in New Jersey, put it into competition with companies such as IBM while also capitalising upon AT&T's expertise in communications.

AT&T's new products, including two members of its 3B family of supermicro and supermini computers, are designed specifically to enable AT&T to sell its equipment to the thousands of corporations which already own IBM mainframe machines.

Mr James Edwards, AT&T's computer systems president and architect of the group's aggressive marketing strategy, said the new products "form a communications mosaic that connects data and voice into networks that run from centralised data processing centres down through departments to desk tops.

Among the specific products announcements, AT&T unveiled:

● A group of hardware and software products that enable customers to connect their PCs work stations and minicomputers to their mainframes "easily and economically."

● Two new members of its 3B family of computers, the 3B2/400, a supermicro computer for up to 25 simultaneous users, and the 3B15, a supermini computer that support up to 60 simultaneous users. The company also announced enhancements to several of its existing 3B computers and a more than 20 per cent price reduction in one of the existing 3B lines.

● Software that enables customers to develop complex application programmes on their main frames and then use programmes on the smaller 3B computers in offices.

In addition AT&T unveiled new software aimed at specific customers such as accountants.

Taken as a whole the new products will enable AT&T to compete on a more even footing in the office automation market with other leading supermini and supermicro computer makers such as Digital Equipment and Data General.

E. Merck lifts sales

BY OUR FRANKFURT CORRESPONDENT

E. MERCK, the West German chemical group, increased sales by 12.9 per cent last year to DM 3.02bn ($980m) with net cash-flow up 4.6 per cent to DM 259.4m.

Dr Hans Joachim Langmann, managing partner, said world sales in the first five months were 15 per cent higher than those for the corresponding 1984 period, with earnings showing an even greater growth.

Last year, net profits rose 16.5 per cent to DM 36.7m. Although this rate of increase was greater than sales growth, the company said it was "still not enough." Interim profits were not revealed.

However, net earnings were kept down, partly by substantial research and development programmes. On a consolidated basis, these last year involved expenditure of DM 182.3m, compared with capital investments of DM 229.9m.

In the curreat year, R & D spending will "easily" exceed DM 200m, with about two thirds of the total going to the pharmaceutical sector and one third to chemicals.

Fiat ends truck production in Brazil

By Andrew Whitley in Rio de Janeiro

FIAT has halted truck manufacturing in Brazil – its last truck plant in Latin America – after five successive years of heavy losses and total investments estimated at $450m.

The Italian motor manufacturer's decision, announced last Friday, took the Brazilian industry by surprise. Earlier this year management at Fiat Caminhoes was speaking optimistically of new investments and of increasing sales this year towards the 1,000 unit level again.

Last year Fiat produced only 419 trucks in Brazil, failing to share in the general recovery of the sector. Mercedes-Benz and Saab-Scania are the market leaders in heavy vehicles while the truck divisions of Volkswagen and Ford compete in the light and medium range.

Announcing the shutdown of manufacturing, Fiat Caminhoes said its Rio de Janeiro plant would remain open on a limited scale to produce spare parts for the existing fleet in Brazil.

Sig Camillo Donati, a director of the wholly-owned Brazilian subsidiary, blamed the closure oa the collapse of the Brazilian market after 1980. He noted that tha market was now half the size it was six or seven years ago.

However, Fiat Caminhoes, unlike the car manufacturing division of the Italian group, was unable to capitalise on the export growth which kept its competitors in Brazil alive during the lean years of 1981-83. Since then it had appeared to be *becoming an increasingly* marginal manufacturer.

Advertising agencies in U.S. to merge

By Our New York Staff

D'ARCY MacMANUS Masius and Benton & Bowles, the U.S.'s 12th and 14th largest advertising agencies, are to merge in a deal which will create the sixth largest international agency.

The all-share agreement between the two private companies is designed to give them more weight in international markets, while bringing together U.S. organisations which are largely complementary.

D'Arcy, based in Chicago, is particularly strong in the Mid-West of the U.S., where it has accounts with General Motors and the Anheuser-Busch brewery group, while Benton, which includes Procter & Gamble and General Foods in its product list, has its main stronghold in the lucrative New York market. Together, the two companies have billings of around $2.4bn.

Benton & Bowles will also bring to the merger its Manning, Selvage & Lee public relations, its Medicus Intercon health care marketing concern, and its direct marketing and design divisions.

In both the oil and beer sectors, there will be some potential areas of client conflict because the companies bring rival customers to the merger. However, Mr John Bowen, chairman and chief executive of Benton, who will have the same titles in the new group, said that conversations with clients were now in progress on these issues.

WEST GERMAN CAR PRODUCER GEARS UP TO IMPROVE PRODUCTIVITY

Opel returns to profitability

BY JOHN DAVIES IN RÜSSELSHEIM

OPEL, the West German subsidiary of General Motors, the U.S. motor vehicle group, returned to profitability in the first five months of this year, after suffering a record DM 695.1m ($225m) loss last year.

Herr Ferdinand Beickler, the chief executive, yesterday avoided predicting results for the whole of this year. He cautiously pointed out that business in the first half of each year normally was better than in the second half.

Opel's sharp setback came after net profits of DM 92m in 1982 and DM 299m in 1983.

One of its rivals, Ford-Werke, the West German subsidiary of the Ford motor group of the U.S., disclosed last week that it, too, had plunged into loss last year. After a profit of DM 150.6m in 1983, Ford-Werke slipped into n deficit of DM 298.1m.

In both cases, the deterioratioa stems partly from the intense battla among mass-production car makers in Europe and the pressure on all of them from Japanese car imports. This has led to high marketing costs and light margins in sales.

But above all, Opel was hit particularly severely by the conflict over shorter working hours in West German industry a year ago, when its operations were virtually halted for seven weeks. The company says the dispute caused about DM 300m of its total loss.

Opel lost production of more than 121,000 cars during the dispute, and unlike most other car makers, it could not make up lost output later in the year. This was because it was in the throes of launching its new Kadett and modified Ascona and Rekord models – all of which made up over 90 per cent of its output.

To add to its problems, the new Kadett, on which it pinned high hopes, was launched just as the West German market weakened, unsettled by uncertainties about government proposals to tighten anti-pollution controls oa car emissions. While the Kadett has fared well abroad, the company is disappointed by its performance in the West German market.

Herr Beickler said that Opel also had to put aside DM 156m into reserves to cover possible early retirement being offered to workers under a union agreement.

Opel's car production fell 16.7 per cent to 795,472 last year, its lowest level since 1980, while sales revenue was down 12.4 per cent at DM 12.88bn. In the first five months of this year, however, sales revenue was 4.1 per cent ahead of the same period last year.

Opel's misfortunes ended a period of recovery from an earlier bout of loss-making. The company made losses totalling just over DM 1bn in 1980 and 1981.

Herr Beickler said that Opel was determined to improve its productivity and reduce the gap between costs of production in Japan and West Germany. Despite the present difficult position, he said, Opel was basically sticking to its plan to invest DM 7.4bn between 1984 and 1988.

Referring to the controversy about car pollution controls, he cautioned the Bonn Government against reviving its threat of "going it aloae" if the EEC failed to accept Bonn's proposals. Such threats ahead of aew EEC negotiations were only increasing confusion among car buyers, he said.

Herr Beickler said that Opel had already spent about DM 400m of a proposed DM 1bn investment programme involving use of catalytic converters to reduce car emissions. But the economic sense of such an outlay now seemed opea to question – because of the weak demand for cars with catalytic converters and in view of the type of compromise agreement shaping up in Brussels.

Mr John G. Bagshaw, a member of the Opel management board, said that catalytic converter cars made up only 1.4 per cent of Opel's business in West Germany.

Herr Beickler said that Opel was confident it would overcome its present "earnings crisis" and maintain employment. He said that the aew Kadett was opening up new market segments and was attracting more interest among young motorists.

The company also planned to strengthen its model range at the time of the international automobile exhibition ia Frankfurt

Ruhrkohle trebles profit but expects sales to fall

BY OUR FINANCIAL STAFF

RUHRKOHLE, West Germany's largest coal supplier, reports a dramatic rise in profits for 1984 following improved turnover and a substantial reduction in coal stocks.

Net profits rose to DM 137.7m ($45.3m) for the year from DM 46.6m in 1983. Turnover increased to DM 22.4bn from DM 18.4bn, with much of the upturn stemming from the consolidation of a big shareholding in Rütgerswerke, the coal processor.

Ruhrkohle expected sales in 1985 to decline, since much of last year's improvement had been due to special factors, Herr Heinz Horn, management board chairman, said. Coal and coke sales this year should be about 3m tonnes below 1984's 62.8m tonnes, he told the annual conference.

Last year sales were inflated by strong demand from a recovering European steel industry as well as demand from Britain due to the miners' strike.

For 1985 Ruhrkohle expects demand from the German domestic steel industry to hold steady at around 28.7m tonnes, but European steel industry demand to fall by 2m tonnes. Demand from West German electricity producers should also fall.

The company expects to extract 57m tonnes of coal this year, slightly more than the 56.1m tonnes of 1984. The number of employees will fall to 113,200 this year and to about 107,000 by 1988, against 116,500 last year.

Herr Horn said 75 per cent of last year's turnover rise was due to the consolidation of the company's 49.08 per cent stake in Rütgerswerke. The parent company broke even in 1984 after a loss of DM 212m in 1983.

EUROBONDS

Cool reception for latest capped floaters

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

MANUFACTURERS Hanover and Italy's Banca Nazionale del Lavoro have joined the list of banks tapping the growing market in floating-rate notes with maximum interest coupons.

Both launched $100m issues and both *found their* paper *moving* rather slowly ia a market where investors are now increasingly learning to pick and choose.

The 12-year issue from Manufacturers Hanover is led by Merrill Lynch, alongside Shearson Lehman and Goldman Sachs. It bears interest at a margin of ⅛ points over the three-month London interbank bid rate for Eurodollar deposits (Libid) and carries total fees of 55 basis points.

Salomon Brothers is leading the BNL issue, which bears a similar margin and maturity as *well as the* same 13 per cent maximum coupon. But the fees on the bond are slightly higher at 65 points.

Yesterday afternoon both bonds were trading within but fairly close to their total fees. The glut of paper in this market *has made buyers* particularly name-conscious, and neither of yesterday's issues could match either the rarity value or the credit appeal of last week's highly successful deals for the Westpac and Mitsui Bank, which were *still* trading just below par.

No new fixed-rate dollar issues appeared yesterday as the secondary market continued in a sorry state. Prices shed a further 1 point on average as weakness continued to spill over from New York.

But BSN, the French food and glass manufacturer, found a warm response to a $75m, 15-year convertible which is led by Credit Suisse First Boston and Lazard Frères. The deal bears an indicated coupon of 6½ to 7 per cent and conversion premium of 9 to 13 per cent.

UK institutions were understood to be ready buyers of the deal, as were retail buyers in Switzerland where brands owned by the borrower – including Evian water and Gervais-Danone yoghurt – *are house*hold names.

D-Mark issues shed up to ½ point in some selected cases, with worries over the trend in New York also dominating, but innovatioa was the order of the day in the primary *market* with a zero-coupon issue for Continental Gummiwerke, the first for a noa-bank German corporate borrower.

BHF Bank bond average		
June 24		Previous
103.095		103.093
High	1985	Low
103.095		99.840

Deutsche Bank is leading the DM 150m, 15-year deal which is priced at 38.5 to yield 6.95 per cent. It is being handled through a Dutch subsidiary of the borrower, Germany's leading tyre company.

BHF-Bank Finance (Jersey) launched a DM 150m, 10-year, 7 per cent issue with equity warrants led by its parent BHF Bank. The deal is priced at 115 per cent, but this includes the warrants, three of which, each priced at DM 55, are attached to every bond. The warrants allow the purchase of BHF shares at a price of DM 333 which, combined with their purchase price, makes an exercise premium of 16.7 per cent over yesterday's closing price of DM 324.50.

Elsewhere, New South Wales became the first Australian state to tap the Australian dollar Eurobond market with a A$50m, seven-year, 12⅞ per cent issue led by Bankers Trust at 100⅜. Bankers Trust is also *leading a A$50m, five-year issue for* Midland International Australia, guaranteed by the UK's Midland Bank.

This issue bears a higher coupon, reflecting the credit rating difference between the two borrowers. Midland is paying 13⅞ per cent, and *the bonds are priced at 100⅛.* Co-leads are Samuel Montagu and Generale Bank.

Nikko Securities launched an Ecu 60m, six-year, 9 per cent bond at par for Kyushu Electric Power alongside co-leads First Chicago, Generale Bank and Société Générale. Nippon *Metal* is also tapping this market for Ecu 20m with a five-year 9 per cent deal priced at par and led by Banque Paribas.

In a quiet Swiss market, Hanwa's SwFr 140m convertible private placement was priced with a coupon of 1½ per cent and conversion premium 2½ per cent by lead manager Banca del Gottardo.

● Samuel Montagu has appointed Mr Tim Lyons as assistant director in charge of Eurobond syndication. He was recruited from Credit Suisse First Boston, where he worked on swaps.

International bond service, Page 20

INTERNATIONAL COMPANIES and FINANCE

Winterthur wins entry to Japan

By Our Zurich Correspondent

WINTERTHUR Insurance of Switzerland has been granted a licence by the Japanese Ministry of Finance to operate in the non-life insurance market. This is the first licence awarded to a Swiss insurer and ooe of the first to go to a continental European company.

This is an important step in Winterthur's efforts to build up a presence in Japan. It opened a representative office in Tokyo in April, which will now be converted into a branch, and had applied for a licence less than a year ago.

At the same time, the Swiss group co-operates in Japan with the local companies Chiyoda Fire and Marine insurance – in which it has e 7 per cent stake – and Chiyoda Mutual Life, both of Tokyo.

● Kyowa HB Finanz, a new bank-type finance company, has been set up in Zurich. Handelsbank NW, an affiliete of the British NatWest group, will hold 46 per cent of the capital, the Tokyo-based Kyowa Bank 49 per cent and Atlantic Finanz – Verwaltungs-AG – a Zurich finance company affiliated to the West German Oetker group – the remaining 5 per cent.

Danzas steps up payout and plans to double capital

BY JOHN WICKS IN BASLE

DANZAS, one of the world's biggest forwarding agents, is lifting its dividend for 1984 from SwFr 180 ($70.3) to SwFr 200 while retaining payment of SwFr 270 per dividend-right certificate.

The company plans to double its capital to SwFr 10m. Existing registered shares of SwFr 1,000 nominal value (current market value more than SwFr 36,000 each) would be split into units of SwFr 200 face value, with a subsequent one-for-one issue of 25,000 new shares of this denomination at a price of SwFr 400 each.

At the same time the dividend right certificates, which have no nominal value and are inseparably linked to registered shares, will be abolished.

Mr David Linder, chairman and chief executive, said that share capital, which has been unchanged since 1928, was now out of proportion to business volume. While there would be some new shareholders following the share split and rights issue, the privately-controlled company would not be going public as a result, he added. At present there are some 180 shareholders.

Net earnings of the Basle parent showed what the company calls a "very gratifying" rise, from SwFr 6.2m to SwFr 6.7m last year. Total revenue went up by 11.3 per cent to SwFr 351.4m, of which SwFr 341m is given as gross profit.

The growth in revenue reflects a similar 11 per cent increase in group turnover to SwFr 5.2bn.

Last year Danzas invested a record SwFr 63m. Major projects included new freight terminals in France and Germany, the formation of the joint venture transport company, Danzas-Wills in Australia, and the acquisition of e controlling interest in the Swiss freight terminal Umschlags.

"Sizeable capital expenditure" has also been approved for the current year, when Danzas again expects satisfactory results. The company intends to enter new markets and "spread business more evenly" outside Europe.

Weber sells Schwarz chain

BY OUR ZURICH CORRESPONDENT

FRANZ CARL WEBER International, the Swiss-owned toy retailer, is to sell its U.S. subsidiary, F.A.O. Schwarz, to Christiana, a Californian property and investment group, for an undisclosed sum.

The deal involves 22 retail outlets including the world's biggest toyshop in New York's Fifth Avenue.

F.A.O. Schwarz, which produced sales in 1984 of $20m, experienced management problems last year during the sickness of Mr Franz Carl Weber. The company is currently suing a management consultant called in during Mr Weber's absence.

The Zurich-based Weber group, which bought F. A. O. Schwarz from W. R. Grace in 1974, has in recent years disposed of most of its toyshops.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 24.

U.S. DOLLAR STRAIGHTS	Issued		Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 00	100		101⅛	101⅝	−0⅝	−1⅜	10.49
Amex Credit 12⅜ 88	150		108⅞	108⅝	−0¼	−1⅛	10.21
Bank of Tokyo 13⅝ 91	100		112⅛	112⅝	−0¾	−2⅛	10.72
BP Capital 10½ 94	100	†	18	18½	–	–	10.81
BP Capital 11⅛ 92	150		101⅛	101⅝	−0¾	−1⅝	10.79
Caisse Nat Tele 13¾ 91	100		112⅞	113⅜	−0½	−1⅞	10.67
Canada 11½ 00	500		105½	106	−0⅝	−1⅛	9.90
Canadian Pac 12⅛ 99	75		107½	108	−0½	−1	11.26
CBS Inc 11⅞ 92	100		101½	102	−1	−1⅜	10.99
Chevron U.S.A. 12¼ 89	600		103¾	104¼	−0½	−1⅛	10.59
Citicorp 11½ 90	150		99⅞	100⅜	–	–	11.46
Coca Cola 11¾ 91	100		106½	107	−0¾	−1⅜	10.22
Denmark Kingdom 11¼ 89	100		102	102¾	–	–	10.45
Denmark Kingdom 11⅛ 90	100		101¾	102¼	−1½	−2	10.93
Denmark Kingdom 11⅛ 92	150		102	102½	−1	−1⅝	10.99
Denmark Kingdom 13¼ 91	100		110¼	110¾	−0¾	−1½	10.92
Denmark Kingdom 14 91	150		108¾	109½	−0½	−1⅝	11.80
E.E.C. 11⅛ 90	150		102¼	102¾	−0⅝	−1½	10.36
E.I.B. 12 90	200		107¼	107¾	−0½	−1⅞	10.79
E.I.B. 13 00	200		108¾	109¼	−1⅜	−2½	11.51
Export Dev Corp 12 89	100		105⅜	105⅞	−0½	−1⅝	10.29
Ford Motor Cred 11⅞ 90	150		101⅞	102⅜	–	–	10.73
Ford Motor Cred 11⅝ 00	100		101⅛	101⅝	−0¾	−1⅝	11.36
Ford Motor Cred 11¾ 92	100	†	103⅜	103⅞	−0¾	−1⅝	10.85
Ford Motor Cred 12 95	100		104⅞	105⅜	–	–	11.08
Gen Elec Credit 10¼ 00	200		99⅝	100⅛	−0⅝	−1¼	10.26
GMAC 10¼ 89	200		99⅝	100⅛	−0⅝	−1¼	10.28
IBM Credit 10⅜ 2000	300		100⅜	100⅞	−0½	−1¼	10.27
Indust Bk Japan 12⅞ 89	150		107⅝	108⅛	−0¾	−1¾	10.46
Japan Air Lines 13¾ 94	100		116⅞	117⅜	−0¾	−1⅝	10.37
Kellogg Company 10⅝ 92	100		101⅛	101⅝	−0⅞	−1⅞	10.44
Kellogg Company 11¼ 92	150		102⅜	102⅞	−1⅝	−1¾	10.64
L.T.C.B. 12⅞ 91	100		108¾	109¼	−0¾	−2	10.81
Macy Cred Corp 11¾ 95	150		105½	106	−1⅛	−2¾	11.07
Mellon Bank 13 87	100		105⅝	106⅛	0	−0⅝	9.83
Merrill Lynch 12⅜ 89	100		104¾	105¼	−0⅝	−1⅛	11.17
Minnesota 11⅞ 87	100		103⅛	103⅝	−0¼	−0⅝	9.74
Mitsui Trust 11⅝ 92	100		102⅝	103⅛	−0½	−1¾	10.85
Morgan Guaranty 12⅜ 89	150		105¾	106¼	−0⅝	−1½	10.53
Nippon Cred Bk 13⅞ 89	150		110	110½	−0½	−1¼	10.82
Nth America 12⅞ 91	100	†	105⅛	105⅝	−0¾	−1⅜	11.59
Penney J.C. 12⅜ 91	100		108	108½	−0⅝	−1¼	10.64
Pru Realty secs 12⅛ 90	546		106¼	106¾	−1⅝	−2⅜	10.97
Quebec Hydro 11⅛ 92	100		104¾	105¼	−0⅝	−1½	10.47
Ralston Purina 11¾ 90	150		104⅜	104⅞	−0¼	−1⅞	10.55
Ralston Purina 12¾ 89	100		107⅜	107⅞	−0¼	−1⅛	10.42
Royal Bk Can 12½ 92 XW	100		102¼	103¼	0	0	12.08
Saskatchewan 10 3/4 92	100		100⅝	101⅛	−0½	−1⅛	10.54
Saskatchewan 11 7/8 89	100	†	108	108½	−0⅝	−1¼	10.29
Statoil 13½ 89	100		110	110½	−0½	−1½	10.29
S Wales Tray 11¾ 90	150		103⅞	104⅜	−0½	−1⅞	10.80
Swed Exp Cred 10 92	150		96¾	97¼	–	–	10.63
Swed Exp Cred 12¾ 89XW	100		107	107½	−0¼	−0¼	10.50
Sweden Kingdom 10⅞ 92	200		100⅝	101⅛	−1¼	−2¼	10.62
Sweden Kingdom 11½ 89	200		103⅜	103⅞	−1	−1¾	10.40
Sweden Kingdom 11¾ 94	100		104⅞	105⅜	−1½	−2⅛	10.83
Texaco Capital 12⅞ 87	300		105⅛	105⅝	−0⅛	−0¾	9.97
Tokai Asia 11⅛ 95	100	†	101⅞	102⅜	−0¾	−2¼	11.13
Victorian Rep 11⅝ 92	150		103⅜	103⅞	−1¼	−2⅜	10.83
World Bank 12¼ 94	150		108⅛	108⅝	−1¼	−2½	10.75
World Bank 12⅞ 94	200		111	111½	−1⅜	−2⅜	10.85

Average price change On day −0¾ on week −1⅝

DEUTSCHE MARK STRAIGHTS	Issued		Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200		103¼	104	+0⅛	+0⅜	7.44
Austria Republic 7⅝ 94	200		102¾	103½	−0⅛	+0⅜	7.12
Baxter Travenol 7⅛ 94	200		101½	102¼	−0¼	0	6.95
Credit National 8⅛ 94	200		104½	105¼	−0⅛	+0⅝	7.33
Degussa Int Fin 7½ 94	100		103⅞	104⅝	0	+0¼	6.82
E.E.C. 8 92	200		103¾	104½	−0⅛	+0¼	7.18
E.I.B. 7¾ 94	300		100	100¾	+0⅛	+0¼	7.18
Escom 8 92	150		100	100¾	0	+0½	7.92
Ferrovie Dello Stato 8 91	100		100½	101¼	+0⅝	−0⅛	7.15
Finland Republic 7 92	200		99	99¾	0	+0½	7.11
Gould Int Fin 7⅝ 01	150		103	103¾	−0⅛	−0⅛	6.90
Ireland 8⅛ 92	150		102¼	103	−0¼	−0⅛	7.62
Japan Fin Corp 7⅝ 91	150		102¾	103½	0	+0¼	6.97
Mitsubishi Hvy 3½ 89WW	300		122¼	123¼	+3⅝	+5¾	−2.22
Mitsubishi Hvy 3½ 89XW	200		90	90¾	0	+0¼	6.45
Mitsubishi Met 3⅛ 89WW	100		100¼	101¼	+0⅛	+1¼	2.94
Mitsubishi Met 3⅛ 89XW	100		86¾	87½	+0⅛	+0¼	8.52
Pepsico O/S Fin 7¼ 94	250		103½	104¼	+0⅝	+0⅞	6.64
Renfe 7¾ 95	100	†	100¼	100¾	0	−0⅛	7.87
Renown 3⅛ 90	80		100¼	101¼	+0¼	−0½	2.12
Reynolds O/S Fin 7⅛ 94	125		102¾	103½	−0¼	+0⅛	6.90
Societe Cent Nucleair 8 91	150		103⅞	104⅝	0	+0⅛	7.11
Sth African Tran 7⅝ 92	100		98	98½	−0⅝	−0½	8.31
World Bank 7¾ 89	100		102	103	0	0	6.93
World Bank 8 94	200		105	105¾	0	0	7.14

Average price change On day +0¼ on week +0⅝

SWISS FRANC STRAIGHTS	Issued		Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	150	†	101¼	101½	−0⅝	0	6.05
Avco Cap Corp 5⅝ 94	130	†	98½	99¾	0	−0¼	5.58
Brit Land Comp 6½ 97	75	†	103	103¼	+0¼	0	6.16
Council of Europe 6 92	120	†	101½	101¾	0	−0¼	5.72
Creditanstalt 5½ 94	100	†	98	98¼	0	−0¼	5.76
Deutsche Bk Fin 5¼ 95	100	†	100¾	101	0	0	5.26
E.I.B. 5⅝ 94	120	†	102	102¼	+0¼	+0¼	5.57
Export Dev Corp 5⅜ 92	125	†	100¼	100½	0	+0¼	5.31
Gen Occidentale 4½ 94	80	†	102¾	103	+0⅝	+0¾	4.12
I C Industries 5⅝ 94	125	†	100	100¼	0	0	5.60
Ind Fund Fin 5⅝ 94	40	†	99¾	100	−0½	−0½	5.76
Int-Am Dev Bk 6⅛ 94	120	†	101	101¼	−0¾	−1	5.98
N.Zealand steel 5¾ 96	70	†	97¾	98	0	−0½	5.98
Oberoi Khek 5⅞ 95	100	†	98¼	98½	−0¼	0	6.59
Ralston Purina 5⅞ 94	125	†	98½	98¾	−0¼	−0¼	6.42
Santos Finance Ltd 6 94	100	†	98¼	98½	−0¼	−0¼	6.23
Tokyo Elec Pwr 5½ 93	120	†	100	100¼	0	+0¼	5.47
Tokyo Metropolis 5¼ 94	50	†	98¼	98½	−0¼	0	5.47
World Bk 5⅝ 94	150	†	100¾	101	+0¼	+0¾	5.62

Average price change On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	50	99½	100	0	0	7.03
BP Overseas 7 92	17	100⅜	100⅞	0	−0¼	6.87
Fed Nat Mort 6⅞ 92	50	98¾	99¼	−0⅛	+0⅛	7.06
Finland Republic 6¾ 90	15	99¼	99¾	−0⅛	−0⅛	6.87
World Bank 6⅝ 92	25	99⅜	99⅞	0	−0¼	6.71

Average price change On day 0 on week 0

OTHER STRAIGHTS	Issued		Bid	Offer	Change on day	Change on week	Yield
Australia 13⅝ 00 $A	40		103⅛	104⅛	–	–	12.22
Avco Fin 14 00 $A	35		100⅜	101⅜	–	–	13.74
BT Aust. 13⅝ 92 $A	40		100⅞	101⅞	–	–	12.88
Westpac 13½ 88 $A	50		101½	102⅛	–	–	12.83
Bell Canada 12¼ 97 C$	125	†	105	105½	−0½	−0⅞	11.40
British Columbia 12 00 C$	125	†	102¾	103¼	−0¾	−1¼	11.12
Can Nat Rail 12½ 00 C$	100	†	105¼	105¾	−0¾	−1¾	11.52
Chrysler Cred 12⅝ 92C$	60	†	102¾	103¼	−0½	−0⅝	11.85
Desjardins 12½ 00 C$	50	†	102¾	103¼	−0½	−0½	11.85
E.I.B. 12 95 C$	75	†	102	103½	−0½	−1	11.60
New Brunswick 11⅝ 95C$	75	†	100⅜	100⅞	−0⅝	−1	11.51
Nordic Inv Bk 16 90 NZ$	50		100½	101½	–	–	15.65
NZ Forest 15¾ 92 NZ$	30		96¼	97¼	–	–	16.52
Woolworth 16¼ 91 NZ$	25		101½	103	–	–	15.60
N.Z Govt. 9¼ 90 ECU	100	†	100⅜	101⅜	+0⅝	+0⅛	9.02
N.Z Govt. 9½ 92 ECU	100	†	100⅝	101⅝	+0¼	0	9.32
Rabobank 9⅝ 00 ECU	75	†	100⅝	100¾	+0½	+0⅛	9.60
Eurofima 7⅛ 92 FL	50		101⅛	101⅝	−0⅛	+0¼	7.23
Philips Lamps 7½ 00 FL	150		101½	102	−0¼	−0¼	7.05
Rank Xerox 8 00 FL	150		102¾	103¼	−0⅛	0	7.24
Van Lanschot 7⅛ 90FL	50		100⅞	101⅝	−0⅛	0	7.22
World Bank 7½ 90 FL	150		100⅞	101⅜	−0⅛	0	7.21
Gaz de France 11¼ 00FF	500		98⅞	100⅜	−0¼	−0½	11.22
American Brands 12 00 £	40		103⅜	104⅛	−0¼	0	11.29
Amer Express 11⅛ 92 £	30		103¼	103¾	+0¼	+0¼	10.60
Australia Comm 11 92 £	40		98⅝	98⅞	+0⅛	+0⅛	11.28
BP Capital 10¾ 92 £	50		97⅞	98⅜	0	+0⅛	11.12
E.I.B. 11⅛ 93 £	50		100⅜	100⅞	+0⅛	+0⅝	10.98
Inco 12¾ 93 £	50		103	103¾	−0⅛	+1⅜	12.01
Mcdonalds 10⅞ 90 £	40		98⅞	99⅜	+0⅛	+0¼	11.10
Norsk Hydro 11⅝ 91 £	50		101⅞	102⅜	0	+0½	11.07
Privatbanken 11⅞ 92 £	20		100⅛	100⅝	+0¼	+0½	11.77
Rank Xerox 11 92 £	40		98⅝	99⅛	0	+0¼	11.23
Royal Trustco 11⅞ 92 £	30		98¾	100¼	+0⅝	+0¼	11.36
Ster Drug Cap 10⅞ 90 £	30		98⅛	98⅝	−0¼	+0⅛	11.31
Swed Exp Cred 11⅞ 92 £	50		100⅛	100⅝	−0¼	+0⅛	11.27
Tsthouse Forte 11⅛ 90£	50		97⅞	98⅜	0	+0⅛	11.83
World Bank 11¼ 90 £	150		101¼	101¾	+0½	+1	10.98
E.C.S.C. 10⅛ 94LF	100	†	104	105	−0⅞	−0⅞	9.72
Nat Lux Alum 10½ 92 LF	600	†	103	106	−2⅝	−2¾	9.78

FLOATING RATE NOTES	Spread		Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 92	0⅛		100⅜	100⅝	11/10	9⅝	9.58
Banco di Roma 5¼ 92	0	†	99⅝	99⅞	20/6	7.98	7.98
BankAmerica O/S 5¼ 00	0⅛		99¾	100	20/6	8.81	8.82
Bank of Montreal 5 92	0⅛		100⅝	100⅞	29/7	8¾	8.66
Bankers Trust 5 2000	0		98½	98¾	11/6	8.81	8.90
Bankers Trust 5¼ 96	0⅛		100	100¼	10/6	8.55	8.55
B.F.C.E. 5¼ 96	0⅛		100⅜	100⅝	13/9	10.06	10.01
B.N.P. 5¼ 90 (July)	0¼		100¼	100½	22/7	9⅛	9.09
C.C.F. 5¼ 97	0		98½	98¾	22/9	10⅝	10.86
Chase Man'tn 5¼ 2009	0⅛		99¾	100	5/6	9.80	9.70
Citicorp O/S 5¼ 98 Sep	0⅛		98½	98¾	19/12	11.10	11.23
Credit Lyonnais 5¼ 90	0⅛		100½	100¾	11/10	9.80	9.82
Dresdner Fin 5⅛ 89	0		99⅝	99⅞	25/6	9⅜	9.40
Ireland 5¼ 87	0		100¼	100½	26/10	9.69	9.65
Ireland 5¼ 89	0		100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛		100	100¼	12/11	9⅞	9.90
Lloyds Euro 5 2004	0⅛		100¼	100½	18/10	9⅛	9.08
Midland Bank Perp 5	0¼		90¼	90½	19/6	8	6.03
Nat West–Perp 5 89	0⅜		100¾	101	13/11	9½	9.05
Nat West Perp A 5⅛ S	0⅛		98¼	98½	9/7	5¼	5.28
Nat West Perp B 5¼ S	0¼		99⅛	99⅜	9/8	5¼	5.28
Queensland Coal 5¼ 90	0¼		100½	100¾	12/11	9	8.94
Roy Bk Scot 5¼ 2005 £	0		98⅛	98⅜	2/8	12.81	12.81
Sweden Perp 5¼ 85	0¼		100¼	100½	9/7	9.44	9.40
Tokai 5¼ 99	0⅛		100⅜	100⅝	12/6	9.94	9.90

Average price change On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price		Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64		96¼	97¼	+0⅝	1.90
Fanuc 3¾ 90	1/84	7032.3		142½	143¾	+7	43.88
Fujitsu 3 99	5/84	1320.9		89⅞	91⅞	+1¾	10.89
Kumagai Gumi 3½ 2000	3/85	600		115	116	+0⅜	7.72
Marui 3½ 99	7/84	1192		101⅛	102⅛	+2	3.94
Mitsubishi Elec 2⅝ 90	3/85	422		93	94	+0½	−2.29
Murata 3⅛ 99	2/84	2351.2		90½	91½	+0¼	25.79
Murata 3⅛ 2000	7/84	2398		89¾	90¾	+0⅝	28.36
Nippon Elec 2⅝ 2000	1/85	1285		90⅛	91⅛	0	4.38
Nippon Oil Co 3 2000	5/85	823		103⅛	104⅛	0	−1.68
Nippon Oil Co 3¼ 99	3/84	1052		90⅜	91⅜	+0¼	9.94
Oki Elec Ind 3⅛ 99	10/84	805		88⅛	89⅛	+0½	31.21
Orient Leasing 5¼ 98	6/83	2680		107	108¼	+2⅛	−2.51
Sekisui House 3 99	6/84	812		111½	112½	+1¾	3.42
Sony Corp 2 2000	5/85	4578		88⅜	89⅜	+3	7.04
Sumitomo Corp 2⅞ 99	5/84	593		123⅛	124⅛	−0¼	3.18
Taiyo Yuden 3¼ 2000	3/85	1078		87⅜	88⅝	+2	2.35
Takeda Riken 3⅛ 2000	10/84	7663		82	83	+0½	29.46
Tokyo Sanyo Elec 3½ 99	12/84	772		87⅝	88⅝	+1	0.66
Toshiba Ceramics 2 2000	4/85	1734.2		80	81	−0¼	2.13
Nippon Oil Co 2⅛ '92 SF	3/84	1052	†	105	105½	−1⅞	5.28
Nippon Shinpan Co 2 92 SF	3/84	801	†	104	101¼	−1⅛	11.32
Asics 5 92 DM	12/83	520		108⅜	109⅜	+0⅛	25.65
Sum Realty 6¼ 92 DM	2/83	338		283⅞	285⅜	−0⅞	−2.72

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Restructuring pulls Yamaha out of red

BY YOKO SHIBATA IN TOKYO

A TWO-YEAR restructuring plan implemented in 1983 at Yomaha Motor, the world's second largest motorcycle manufacturer, has been rewarded with pre-tax profits totalling Y6.13bn ($24.7m) for ths year t. April, a turnround from the previous year's losses of Y19.7bn.

The company also swung beck to net profits of Y7bn from the previous year's losses of Y35.04bn on sales of Y389.05bn, up 15 per cent from the previous Y337.31bn. Net profits per share were Y43.43 against losses of Y217.31, but the dividend was again omltted.

As a result of a devastating defeat at the bands of Honda in tbe sales war of 1982-83, coupled with depressed world demand, Yamaha suffered a serious management crisis. It then put into effect a drastic restructuring plan calling for a 21 per cent workforce reduction, a 56 per cent cut in production, the reduction of inventories and a financial shake-up including a reshape of its U.S. subsidiary.

Thanks to a recovery in domestic sales arising from the stock reduction, along with steady demand for large-sized motorcycles in the U.S., Yamaha's motorcycles sales rose 17.8 per cent in value. In the non-motorcycle sector, sales of buggies, snowmobilea and golf carts went strongly.

Yamaha's borrowings were slashed by Y28.8bn during the year to Y100bn.

In the year to next April, motorcycle exports are expected to increase both in volume and value, because of exports of 300,000 units of veblclea to China. The company expects pre-tax profits of Y8bn, up 30 per cent on sales of Y430bn, ahead by 10.5 per cent from the previous year. The company plans to resume dividend payments if it meets its profit and sales targets.

Simex sees prospects for expansion

BY CHRIS SHERWELL IN SINGAPORE

TRADING in a Japanese stock index futures contract, based on the Nikkei Average of 225 shares, will begin in Singapore by the second quarter of 1986, Mr Ng Kok Song, chairman of the Singapore International Monetary Exchangs (Simex), said yesterday.

Speaking at the conclusion of Simex'a annual general meeting, ba said that to ensure a market In the contract—it will be the Singapore futures excbange's fifth—the board was planning to create a new category of "locals" wbo would be allowed to pay less for the right to trade as indivlduals exclusively in this contract.

"Locals" — traders doing business on their own account wbo accept risks others wisb to bedge—are crucial both to the success of any contract and to Simex'a overall chances of success since it began tradlng in intereat rate and currency futures contracts in Seplember last year.

In Simex's 1984 annual report, also published yesterday, Mr Ng says that if, In three years' time, about 15 to 20 "locals" emerge as seasoned traders, "we sbould count ourselves fortunate." Currently there are 130, but only 30 to 40 are constantly in the trading pits—and as Mr Ng said yesterday, "the casualty rale is bigh."

The report says that the three-month Eurodollar interest rate contract has shown the fastest growth in volume because financial institutions have found It efficient for managing short-term inleresl rate risk.

The U.S. dollar-D-mark currency contract is a "modest success," the report says, but the dollar-yen contract has been "disappointing." Inlerest from Japan remains only a potential until Japanese exchanga control laws are amended to permit residents to deal in foreign futures exchanges.

The gold contract, which does not have the unique "mutual offset" arrangement allowing positions opened in Singapore to be closed in Chicago on the Mercantila Excbange, has also shown a lacklustre performance. The report says this reflects a general lack of investor interest in the metal.

Mr Ng said yesterday thal Simex had nol pushed hard for the planned offset link for gold, but that U.S. approval was likely "in the next few months."

Regarding the stock index contract, negoliated by the Chicago Mercantile Exchange and the Nihon Keizai Ehimbun earlier this year, Mr Ng said a sub-licensing agreement was now being worked out between Chicago and Simex. A second stock index contract, based on the broader Nikkel 500 Average, would be "grafted on" later to allow "spread trading" belween the two.

A$390m facility for Australian satellites

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSSAT, the government company handling the launch and operation of Australia's national communications satellite system, yesterday signed an A$390m (U.S.$257m) long-term financing facility with a group of banks lead-managed by Commonwealth Bank of Australia.

In addition to the loan facility, Aussat has negotiated A$65m of equity in a leveraged lease. All funds were raised in Australia.

Australia's first satellite is due to be launched from Cape Canaveral on August 24. Two more satellites will be launched within a year.

The programme is being insured with syndicates in London and New York at a premium rate said to be "substantially more" than previously expected, following recent satellite mishaps.

Apart from satellites, the finance package signed yesterday covers ground control systems, launch costs, insurance, eight main-city earth stations and other equipment.

The banks involved, apart from the Commonwealth, are ANZ Bank, Banque Nationale de Paris, State Bank of Victoria, the Auslralian Industry Development Corporalion, Bank of New Zealand, State Bank of South Australia, and Rural and Industries Bank of Western Australia. This syndicate is providing A$260m.

A total of 10 merchant banks are also involved: BT Australia, Manufacturers Hanover Australia, Barclays Australia, Commercial Continental, Capel Court (Royal Bank of Canada), Chemical All-Slates, Schroder Darling, Trans City, Wardley (Hong Kong), and Security Pacific.

Financing from tbis group will come in the form of promissory noles.

Reuter adds from Sydney: The Reserve Bank of Australia said yesterday it had told commercial banks that they could reduce their minimum volume of prime assets by an aggregate A$140m on Friday. The reduction in liquld assets is the first tranche of a gradual reduction in assels as banks switch to the prime ossets ratio (PAR) arrangements announced in May from the Liquids and Government Securities (LGS) ratio, the central bank said.

Singapore airline lifts profits by 21.7%

BY OUR SINGAPORE CORRESPONDENT

SINGAPORE International Airlines (SIA), the island state's national flag carrier, has shown a 21.7 per cent increase in profit from its airline operations in the year to March, according to unaudited figures

The airline is the first in the Government'a queue for privatisation, with 10 per cent of its shares due to be offered to the public later this year, so the 1984-85 results are likely to be studied with special interest.

The figures, publisbed in the airline's in-bouse magazine, indicate a 6.5 per cent increase In revenue to S$2.9bn, and a 6.2 per cent rise in expenditure to S$2.83bn. Profits from airline operations are put at S$84m, up from S$69m.

After-tax profits, which include exceptional ilems like the sale of assets and dividenda from subsidiaries, show an 18 per cent rise to S$145m. The surplus arising from the sale of assets, which includes aircraft, is put at S$52.6m, a sharp rise from the previous year's S$21m.

SIA attributes its better performance to increased services to the U.S., Europe and Asia, and the use of bigger capacity aircraft like the Boeing 747 with a stretched upper deck, wbich saw their first full year of operation.

South African 'homeland' casino shares on offer

BY JIM JONES IN JOHANNESBURG

INVESTORS IN South Africa, where casino gambling is illegal, are to be offered direct equity participation in the Bophuthatswana casino and entertainment interests of Sun International, the currently unquoted Soutb African gambling and leiaure company.

Bophuthatswana is a black "homeland" which is an independent state in terms of South African law althougb not recognised internationally. It is thus not constrained by South Africa's own strict probibitions on caino gambling.

Sun Inlernational Bophuthatswana (SIB), wblch is equally owned by Sun International and the Bophuthatswana National Development Corporation (BNDC), is to raise R30m ($15.1m) by means of a rights issue equivalent to 15 per cent of the company's expanded capital.

BNDC will pass lts rights on to residents of the bomeland while Sun International will pass lts rights on to Kersaf, its 72 per cent controlling company. Kersaf in turn will pass them on to its own shareholders. Kersaf is quoted on the Jobannesburg Stock Exchange.

At present SIB operates two casino complexes in Bopbuthatswana, plans to open a third in October, and proposes establishing a fourth. Tbe casinos, wbich draw their customers largely from th Johannesburg and Pretoria areas, earned about R20m after tax last year on assets of about R300m.

SIB says that the share issue will provide funds to finance the planned fourth casino at Garankuwa, about 19 miles (30 km) north of Pretoria.

Sir Y.K. new Allied chairman

By Our Financial Staff

SIR YUE-KONG PAO, the shipping and property magnate, yesterday replaced Mr John Marden as chairman of Allied Investors, an associate of the Wheelock Marden group of which Sir Y. K. Pao now has near full control.

At a shareholders' meeting, Allied's existing board was also defealed on plans to pay a special bonus of HK$5 a share. The investment company is inslead to pay an interim dividend of 55 cents a share against 27.5 cenls last year.

Talks on ending yen fixed rates

By Our Financial Staff

JAPANESE AND U.S. monetary officials met in Tokyo yesterday in the first of two daya of talks aimed at reviewing progress in the libearalising of Japan's financial markets.

Officials at the Japanese Ministry of Finance said the issues included a draft timetable for an end to fixed rates of interest on large yen deposits—expected to be defined as those above Y50m ($201,500)—as well as a possible full market in yen Treasury bills.

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio
CASIO 6/3/89	41.50	43.00	1,640	10.86	2.88	3.77
C ITOH 4/5/89	31.00	32.50	424	9.74	3.50	2.50
C ITOH 20/1/87	45 00	50.00	424	24.51	2.27	10.81
FUJIKURA CABLE 28/4/89	8.00	9.50	318	34.45	7.84	4.39
HAZAMA GUMI 1/11/89	7.00	8.50	342	49.18	8.51	5.78
J S R 28/4/89	8.50	8.00	364	32.72	9.31	3.51
JUSCO 22/12/88	75.00	79.00	857	21.14	1.84	11.52
KAYABA 15/2/89	10.00	11.50	319	7.23	8.81	0.84
KUMORI PRINT 20/12/89	15.50	17.00	2,140	11.89	6.12	1.96
MARUZEN 12/2/90	6.50	10.00	501	27.91	8.97	3.11
MINEBEA 20/2/89	35 00	37.00	598	77.12	2.01	38.45
MIT CHEM 20/1/87	85 00	90 00	619	22.59	1.64	13.81
MIT CORP 7/11/88	28.50	30.00	665	−0.98	4.20	−0.23
MIT GAS 20/3/89	18 00	19 50	390	1.63	5.54	0.29
MITSUI E/S 15/10/88	10.50	12.00	170	11.44	7.93	1.44
MITSUI E/S 10/12/87	23.50	25.50	170	8.80	4.65	1.46
MIT METAL 10/3/89	79 00	84 00	636	38.81	1.53	25.40
MIT METAL 10/11/89	11.50	13 00	636	24.79	6.79	3.65
MITSUI MET CHEM 15/2/90	23.50	25.00	420	11.99	4.65	2.58
NIPPON MIN 17/3/89	89 00	93 00	482	21.08	1.63	12.94
NIPPON MIN 15/6/90	21 50	23.00	482	21.54	4.43	4.86
NISSHO IWAI 1/2/89	12.00	13.50	264	12.89	7.09	1.78
NOMURA 31/10/88	69.50	71.00	1,250	0 29	2.31	0.13
OHBAYASHI GUMI 5/4/89	44.00	47.00	318	16.80	2.51	6.62
OMRON TATEISHI 31/3/89	7 50	8 00	1,430	75.07	6.29	11.93
ONODA CEMENT 10/4/89	31.00	34.00	343	−0.28	3.69	−0.07
ONODA CEMENT 28/2/90	13 50	15 00	343	17.63	6.80	2.59
OPTECH DAI-ICHI 23/2/90	14.50	19 00	855	16.01	9.51	2.46
OSAKA TRANSFORMER 29/1/90	9 00	10.50	435	30.03	6.27	3.63
RENOWN 24/1/89	9 50	11.00	712	22.34	7.82	2.86
RYOBI LTD 25/5/90	10.00	11.50	419	10.63	8.61	1.21
SEINO TRANSPORT 17/3/89	8.50	10 00	1,010	25.50	7.92	3.22
SEIYU STORES 20/3/87	54 00	56 00	717	40.29	1.90	21.16
SONY CORP 28/4/90	17.00	16.50	4,000	31.86	4.97	6.41
SUMI CONSTRUCTION 24/3/89	43 00	46 00	225	29.86	2.30	12.99
SUMI HEAVY 24/2/89	11.50	13.00	239	5.23	7.84	0.67
SUMI REALTY 21/11/89	48.50	50 00	785	−0.08	2.98	−0.03
TOKYO ELECTRIC 14/3/89	7.00	8.50	1,030	48.14	8.15	5.91
TOKYO SANYO 8/8/87	142.00	147.00	660	65.98	1.00	65 68
TOKYU CORP 29/1/90	30.00	31.50	421	1.17	4.21	0.28
TORAY 5/3/87	13 00	14 50	475	9.03	6.86	1.32
TOYO ENG 28/2/89	52.50	54 50	858	61 61	1.89	36.49
YAMAMURA GLASS 9/5/90	11.50	13.00	598	11.06	7.84	1.41
YAMATO KOGYO 29/1/90	7 50	9.00	565	21.30	10.24	2.08

Reuters Monitor DABF/G/H/I/J - Further information from:
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TECHNOLOGY

EDITED BY ALAN CANE

Brighter future for optical signals

Geoffrey Charlish on overcoming the drawbacks of optical fibres

THE TRANSMISSION of information down hair-thin glass fibres rather than conventional copper wire is abont to receive an important boost with the development of a new hreed of devices that can switch and process optical signals directly.

In optical transmission, signals are sent as a series of very short, coded light flashes instead of pulses of electric current.

A fundamental advantaga is that because the wavelength of light is extremely short compared with the radio wavelengths used in electrical transmission, a large amount of information can he sent every second, in the technical language the fibre has a very high bandwidth. Furthermore, fibres are not susceptible to electrical interference, are lightweight and cannot eaaily he tapped.

Since the first achievements in the mid-1960s at Bell Laboratories and Standard Telecommunication Laboratories, Harlow, development has concentrated on reducing the loss in the fibres and making efficient light sending and receiving components.

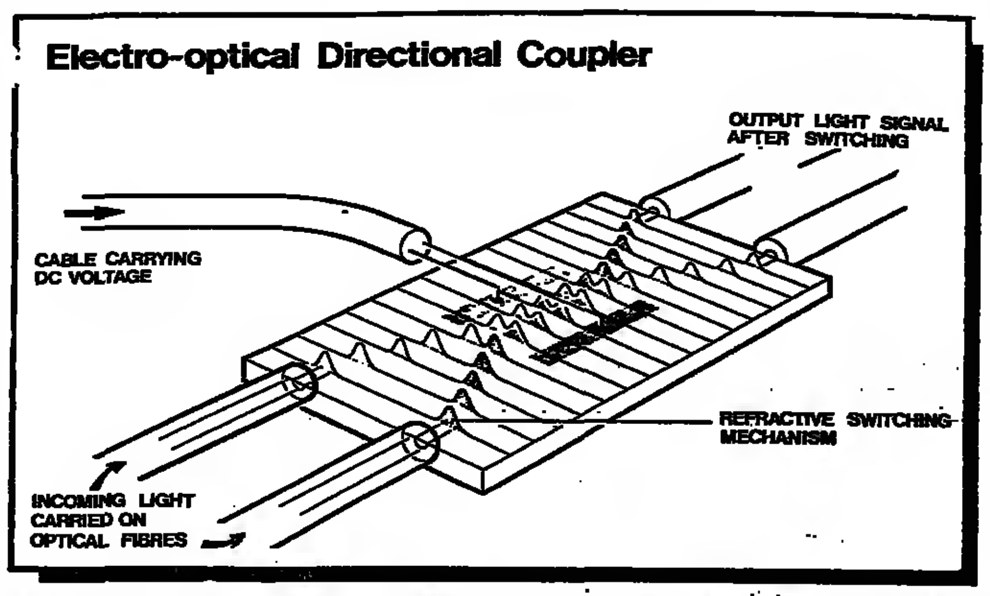
More recently, scientists have prodoced fibre and components that use a single, pure light of one wavelength. This allows even more pulses to be crammed in every second, increasing the amount of informetion and cutting the cost of sending it. These are the so-called "monomode" fibres.

Lately, telecommunications companies have been attacking the remaining drawback to optical transmission—that signals have to be converted back to their electrical form before they can be switched or processed.

One such company is Ericsson, the 75,000-strong £2.5bn turnover Swedish company which exports nearly 80 per cent of its output.

Teams in Stockholm are developing, for example, a device based on lithium niobate that can accept inputs from four single mode optical fibres and switch the light from any one of them into any of four output fibres.

"Everything is optical except the controlling signal," says Dr



Lars Thylen, a member of the development team. "All you need is a DC voltage to control the switching."

Normally, light "tunnels" across the surface of the chip to enter a fibre fixed in tha opposite position on the far edge. But a voltage placed across two alectrodes positioned on the surface produces changes in the refractive index of the substrate that shift the light to make it emerge from other fibres. Alternatively, the light can be stopped completely, allowing it to be switched on and off rapidly to produce pulse modulation—a stream of computer data pulses for example.

Arrangements of this kind, says Thylen, can be mada to produce new light wevelengths, filter out unwanted ones, or shift input wavelengths to a new value — operations normally carried out by electronic circuits.

An experimental system appearing later this year will use an integrated optics chip to build an optical fibre local area network (LAN)). A LAN allows pieces of computing equipment to talk to each other in, say, an office building.

Although fibre LANs are alresdy on the market, they make optical/electrical conversions et each of the points where a device like a workstation or a computer is inserted.

The new LAN chip will be the first integration of a high-speed modulator and two optical switches. It will take data off the fibre, add other pulse trains by modulating a laser diode output with pulses from the terminal, and put the signal back on the ring. It will also extract data from the ring in a eimilar way for the local terminal. The purpose of the switches is to make the chip optically transparent so that the terminal can be by-passed if it is faulty or not in use.

The LAN will work at 2.4 gigabits (2,400m bits) per second, but Ericsson says this is not a maximum; there are already prototype modulators able to handle 6 gigebits/second.

The company also bas been pushing ahead with public network applications of optical fibre, working closely with the Swedish PTT to build e backbone of fibre starting with local cables and moving towards longer distance high capacity routes.

Over the last five years, the loss in fibre cables, which determines how often a repeater (amplifier) has to he inserted in the cable, has dropped by over 90 per cent and the price has fallen from several dollars to less than 25 cents per metre.

Consequently, many more PTTs are now choosing fibre rather than copper — Ericsson has been running a 140 megabit per second field trial for the Swedish anthority over 27km with no repeater.

The next step is 565 megabits/sec and systems will be installed in August for U.S. Telecom worth $30m over the next three years.

Ericsson is also building e fibre optic cable television network at Skrarpnack, a Stockbolm suburb, to provide six additional TV channels to viewers. Each of 50 master head-ends (distribntion centres) will connect by optical fibre at 280 megabits/sec to three local head-ends. Each local centre will supply about 4,000 subscribers over coaxial cable. This, and a similar system in Gotenburg, are expected to be in operation by the end of this year.

Tube tunnel link brings hospital lectures at the touch of a button

Video & Film

BY JOHN CHITTOCK

SOME 50 YEARS after Leonardo da Vinci had demonstrated to scientists and anatomists the value of illustrations, one Andreas Vesalius published a massive volume of drawings to assist students of the human body. The book, *De Humani Corporis Fobrica*, is spoken of almost with reverence today hy a little recognised profession, unassumingly known as medical illustrators.

Their discipline embraces not only hand-drawn illustrativa work and a knowledge of medicine, but photograpby, television, film, even computer graphics. Unexpectedly, they typify the way the medical sciences have always been in the forefront in exploiting visual media.

Some of tha earliest uses of photography were in medicine or related fields, such as tha work of Dr Marey—a French physiologist who in the 1880s employed the camera to investigata buman movement. In more recent times, the first regular user of teleconferencing—two-way satellita television—was the medical profession.

The techniques of medical photography are now well-established. They cover methods for making the invisihle visible, providing visual records for assessing the progress of patients, and of course teaching.

Education, which has always figured high in the workload of medical illustrators, has recently yielded one of the most spectacular applications of cable television. While the entrepreneurs, politicians and programme makers have been getting into a a hiatus over cable, the medical profession has quietly installed what could be one of the most extraordinary fibre optic networks in Europe.

The system connects six hospitals in London, from West Middlesex bospital in Isleworth to Westminster hospital in the east. Soma 18km of fibre optic cable has been laid, using District line Underground tunnels, old tramlines in the streets and electricity board ducting.

Lecture rooms in all the hospitals are connected to the network, and programmes can be originated from operating theatres, wards and even intensive car units. The system is truly interactive, enabling any student at other hospitals to press a button and have both audio and visual entry into tha network.

Electronic medie are seen as having particular promise in diagnostic work hecause the picture informetion can be processed by computers. Photographic images of organs, tissue or specimens can be enhanced electronically to improv the visibility of suspect areas—even digitised and processed numerically to yield e quantitative analysis.

Conventionel photography still bas an important role. One of the simplest ideas employs multiple exposures to record tremors in patients with Parkinson's Disease. Mr Alistair Rose, from Sandwell district hospital, is photographing the hands of patients with mnltiple exposures on a single frame—so thet the extent of tremor can be physically measured. Similar photographs taken over a period will provide a qnantitative method of assessing the progress of the disease—instead of relying on subjective jndgments.

Another idea is the use of holography to capture in one picture a range of successive perspectives generated hy computer graphics. One interesting application for this in medicine is to take a succession of X-ray pictures eround a patient and to convert them into a eingla hologram wbich e surgeon in an operating theatre can inspect—moving bis viewpoint to see tha subject from different angles.

A third epplication, this time in the sociel work field is, to use photography and simple tape/slide programmes to urge closer attention to the environment in old people's homes. Simple changes in the furnishing or lay-out of a boma can bring dramatic improvements for elderly residents.

Pretty net curtains, for example, cause diffusion of daylight—and cause problems for elderly cataract sufferers. Explaining this to those responsibla for the homes is less effective than actually sbowing it, via photography, as if througb the eyes of a cataract sufferer.

Cash for college entrepreneurs

RESEARCH Corporation, an Anglo-American company that is attempting to commercialise technologies developed at British universities, plans to set up a £5m-£10m fund to support budding academic entrepreneurs.

Dr Charles Desforges, chief executive of the Windsor-based company, is talking to financial institutions abont the fund, which would finance technologies in an early stage of development.

Research Corporation is a joint venture between the U.S. organisation of the same name and Investors in Industry, the British finance group. The Windsor organisation was set up last year and has agreements with 22 UK academic institutes under which they would hand over to the company ideas for commercial application.

Research Corporation (U.S.) is a non-profit organisation founded in 1912 that puts to commercial use ideas from American academic institutes. Casb earned from these ventures is ploughed back into research institutions.

Dr Desforges says the ideas from UK universities are in technical areas such as pharmacenticals, insecticides, chemical products, instrumentation, satellite communications and electronics.

The availebility of casb for the academic entrepreneur would belp to plug what Dr Desforges calls the "embryonic capital gap" — the shortage of finance in Britain to back technical ideas thet are still in the research stage.

Conventional sources of venture capital for technical innovations generally support established companies that are et least one to two years old. That can leave individual researchers wbo may not have reached the stage of forming a company struggling to find a way of developing ideas to the point of making saleable products.

Typically, a relatively small amount of money, perhaps £200,000, might be needed to turn research ideas into prototypes.

In the evolution of a technology-based company, a further tranche of capital might come at a later stage, provided either by an established commercial organisation or by a venture-capital concern. The sum involved bere would be much larger, perhaps £2m.

A few months ego Prelude Tecbnology, a new group becked by pension fund managers and Cambridge Consultants, a contreet research company, annonced e £5m fund to finance reseerch ideas.

Tbe conventional route for the commercialisation of ideas is by the academic institute arranging for an established company to take out a licence on e specific technology and turn this into a product.

Until recently, the state-owned British Technology Group had the statutory duty to investigete such idees and had the right of first refusal over whether to take them to the commercial stage.

But after a change of Government policy, academic institutes have a choice of organisations to which they can take their inventions.

Under Research Corporation's procedures, it takes over ownership of the ideas developed at the university. Three-fifths of the cash earned from successful commercialisation of the inventions are returned to the institute. Tbe remainder tops up a trust fund thet finances individual research projects.

Big groups move in on science park

LEADING Swedish companies have expressed interest in setting up research laboratories on a science park planned to open at Chalmers University in Gothenburg next year.

According to Mr Douglas McQueen, a manager at the innovation centre at the university which seeks to support small technology-oriented businesses, the big companies want links with Chalmers mainly because it helps them recruit promising scientists.

The companies include Volvo, SKF, Saab, Bofors, Electrolux, Asea and Ericsson.

Over the past 20 years, the innovation centre has helped—for example by advising on aspects such as marketing—in the stert of about 100 companies formed from Chalmers staff.

The Chalmers centre also houses three smell companies formed by ex-university researchers. These organisations, which employ about 16 people, make testing devices for X-ray machines, electronics components for the graphics industry and optical hardware for laser instruments.

Bubbling with health . . .

AMERICAN scientists are attempting to use microscopic, man-made hnhhles to deliver drugs into the bloodstream of people and animals.

The bnbbles, called liposomes, operate in a similar way to the lipids whicb comprise the membranes of plants and animal cells. Within the interior of liposomes, engineers can insert drugs or other compounds which can thns be transported into people'a bodies, for instance via the bloodstream, using the bubbles as carriers.

The Liposome Company of Princeton, New Jersey, is developing several prodncts hased on a novel technology it has developed for entrapping drugs within liposomes.

The company, formed four years ago, has been granted a U.S. patent that describes the way it makes its liposomes, which are called stable plurilamellar vesicles (SPLVs).

Witb SPLV technology, scientists can turn out liposomes at low cost which can be transported relatively easily and have a usefol action against a range of diseases.

Say TOTAL first

Compagnie française des pétroles, the parent company of the TOTAL group, is changing its name to TOTAL COMPAGNIE FRANÇAISE DES PETROLES.

A great French and international oil company

TOTAL Compagnie française des pétroles has been producing and selling oil and oil products for 50 years. TOTAL has 45000 men and women working for it on the 5 continents and in 75 countries.

TOTAL is concerned with all sources of energy

TOTAL Compagnie française des pétroles is also a multienergy group concerned with all the major forms of energy. Thanks to its highly skilled teams, it is able to adapt to every type of situation, and to offer solutions for every type of energy problem, wherever it occurs and whether it be in an individual, institutional or national framework.

and is preparing for the future

TOTAL Compagnie française des pétroles is a group with long-term aims, a group that is preparing for the changes of tomorrow. The innovative capacity of its specialist teams, the positions it has established in advanced technology, its willingness to take risks and the precision of its economic decision-making mean that it can command the future.
TOTAL is not dreaming of the future, but building it.

TOTAL COMPAGNIE FRANÇAISE DES PETROLES

Brown & Tawse advances by 65%

THE EXPANSIONIST policies of Brown & Tawse, the Dundee-based industrial distributor and engineer, helped turnover for the year to March 31 1985, rise by 48 per cent, producing pre-tax profits 65 per cent higher.

Turnover rose to £91.1m from £61.72m, with pre-tax profits of £5.36m, compared to £3.25m for the previous year. It is proposed to increase the final payment by 25 per cent to 4.5p net, making a total dividend for the year of 6.5p (4.8p).

Operating profit was almost doubled to £6.21m (£3.13m), of which existing industrial distribution businesses accounted for £4.26m, up from last year's £2.73m. New acquisitions in that division provided £1.58m, reflecting the full-year's results of C. B. Parkes and Brooks and Walters which were acquired in March 1984.

The board says the two companies achieved an encouraging first year contribution with both sales and profits showing a significant improvement on the year before.

Existing businesses showed corresponding progress. The prices of many steel and tube products were rising and sales volume increased.

Mr S. D. Rae, the chairman

The directors add that they are continuing to look for further expansion and announce the purchases for £400,000 of Target Industrial. The company is a specialist hose distributor, based in Leicester. It supplies hoses and fittings to automotive, agricultural, and industrial users throughout the East Midlands.

It will extend the range of products sold by Brown & Tawse.

Turnover for the plant sales companies was higher, but operating profits were down at £367,000, against the previous year's £400,000, due to the more competitive conditions in the construction industry.

The board says that demand for all the group's products remains firm and prospects for this year are favourable. The wide range of products and increased national coverage will continue to result in greater benefits.

Tax was £2.22m, compared with £1.09m for the previous year when there was an extraordinary credit of £69,000.

Earnings per share came out at 14.9p, up from the 1983-84 figure of 10.4p.

● **comment**

Shareholders will probably never really know whether it was the unwelcome attentions of Caparo Industries which helped Brown & Tawse to achieve these excellent results. Clearly, the acquisitions of the past year have done more than carry their weight, generating more than half of the increase in operating profit. And the company capped yesterday's preliminary announcement with news of a further purchase—Target Industrial. The group is certainly following a coherent strategy of diversifying away from traditional steel stockholding into distributing a broader range of industrial components. Nevertheless, Brown & Tawse is, as yet, no Brammer—it lacks a comprehensive national distribution network or a strong presence in any overseas market. The shares, then up 4p to 142p, are likely to mark time until the group's diversification brings more enduring rewards. At present, they change hands on a prospective multiple of just under 8, assuming current-year profits of £6m pre-tax and a 38 per cent tax charge. The yield is a useful 6½ per cent, enough to help protect investors against the risk of a fall.

EuroFerries' property accounting attacked

BY ANDREW FISHER, SHIPPING CORRESPONDENT

STRONG CRITICISM of European Ferries' accounts, mainly over property activities, was made at yesterday's annual meeting by a dissident shareholder who then failed to gain election to the board.

At the meeting, Mr Ken Siddle, the chairman, and his fellow directors defended the presentation of the annual report, noting that the U.S. property activities were split between subsidiaries and joint ventures and that more information was now provided.

Mr Serge Lourie, a chartered accountant, was defeated in his bid for a board seat on a show of hands. Mr Siddle said he had enough proxy votes to defeat Mr Lourie's move, which he described as "divisive, contentious and non-productive."

The meeting was a marked contrast to the rowdy scenes of a year ago which accompanied the group's efforts to put through a scheme to curb cheap fares to shareholders. This was modified in the face of small shareholder opposition.

Mr Lourie, who holds 600 preference shares — the final scheme gave shareholders a choice between preference stock entitled to cheap fares only or ordinary shares with no perk—said he thought the group had lost its way, having become two separate companies, one in ports and ferries, the other in property.

His comments on the difficulty of understanding the accounts, notably the financing of the U.S. property side, mirror those of some City analysts. EF is involved in ventures in Denver, Atlanta and Houston.

Mr Roger Braidwood, finance director, said in answer to Mr Lourie's criticisms that the policy in the U.S. was to acquire major and strategic land tracts and increase the value of the assets over several years.

He said the record £14.6m of U.S. property profits shown in the accounts on turnover of only £13.9m comprised £27m from associate companies and a loss by subsidiaries. The decision each year to take profits from subsidiaries or joint ventures depended on market conditions.

EF is involved in its U.S. property activities with two Canadians, Mr John Dick and Mr William Pauls, both on the board. In the UK, it recently sold its property interests to Stockley and acquired a large stake in that company.

Mr Siddle told shareholders that the La Manga resort in Spain should break even this year and make a profit in 1986 after a change of management. Last year, it lost £4.3m.

The chairman gave no indication of this year's overall progress. In 1984, EF raised pre-tax profits from £39.5m to £45m. City analysts expect £50-55m for 1985. The group is expected soon to order new cross-Channel ferries worth £70m.

Goodhead Print to raise £0.75m via USM placing

BY LUCY KELLAWAY

Goodhead Print Group is joining the USM via a placing by Capel-Cure Myers of 2.4m shares at 88p each. The company, which has a market value of £8.1m, is one of the largest independent web-offset printers of free and paid for newspapers in the UK.

In 1984 it had a turnover of £19m, and currently produces 8.75m copies a week of over 100 newspapers and magazines, with titles including Titbits, Sporting Life Weekender, and the cartoon section of the Mail on Sunday.

The company is also engaged in fine art printing, mainly high quality cards and postcards for art galleries and museums; it has a paper merchanting business, and it also publishes two free newspapers in Coventry and Plymouth.

Goodhead is forecasting pre-tax profits for the current year of £890,000 after having made £641,000 in 1984. Profits for the last five years have followed an erratic path, and in 1982 fell to £137,000 from £516,000 the previous year. The downturn was due in part to losses on magazine publishing, an activity which has been discontinued, and to the acquisition of two loss-making free newspapers, which are now running profitably.

The placing will raise approximately £750,000 for the company after expenses, which will be used initially to reduce borrowings and subsequently to invest in new printing technology. Existing shareholders are selling 1.4m of the shares being placed, and after the placing Mr Colin Rosser, chairman and chief executive, will own 38 per cent of the company. Institutional investors include 3i, Equity Capital for Industry, and CIN Industrial Investments.

The prospective price earnings multiple at the placing price is 10.5 after an estimated 22.5 per cent tax charge. Assuming a dividend of 3p a share, as the shares yield 4.8 per cent.

Dealings start on July 1.

Meggitt and Negretti talks at advanced stage

BY DAVID GOODHART

Meggitt Holdings, the Poole-based manufacturer and distributor of engineering products, is on the point of finalising merger arrangements with the unlisted Negretti Holdings which supplies engineering instrumentation to the defence market.

The board of the two companies yesterday announced that the discussions were at an advanced stage and may lead to a merger.

A further announcement giving final details is expected later in the week. Meggitt shares have been suspended at 102p—giving a market valuation of £17m—but the suspension will probably be lifted by the end of the week.

The eight institutions which control Negretti — led by the Thompson Clive venture capital group— are expected to accept an equity deal for the company, which they bought four years ago for £1.5m.

Negretti employs 677 people at Aylesbury, Croydon, Harlow and Southampton, and has a turnover of over £15m.

Mr Richard Thompson, chairman of Thompson Clive, said that having been delisted in 1981 the company had now been fully rehabilitated. He added that the proposed merger should provide an effective balance of defence and industrial work.

Meggitt's fortunes have improved considerably since Investors in Industry and two former directors of Flight Refuelling, Mr Ken Coates and Mr Nigel McCorkell, took effective control at the beginning of 19[illegible].

Following three years of losses Meggitt Holdings last year made pre-tax profits of £354,000. Turnover moved up from £3.82m to £5.22m.

Meggitt has recently been concentrating on acquisitions and last year bought Insley (London), which distributes solid carbide cutting tools, for £2.6m. Subsequently it has acquired Filtration and Transfer. The strategy is to build up core businesses in engineering, distribution and energy related fields. But it has also been on the look-out for higher technology businesses.

Edinburgh fund managers in merger

TWO EDINBURGH fund managers, Stewart Fund Managers and Ivory and Co., are to merge on July 1. The new group, Stewart, Ivory and Co., will manage about £370m, including the £175m Scottish American Investment Trust.

Mr James Ivory and Mr Ian Ivory of Ivory and Co. will join the six Stewart directors on the board of the new company, which will be wholly owned by its executives.

Ivory and Co. was formed in 1981 when the two Ivory brothers left the leading Edinburgh fund management house, Ivory and Sime, taking its private client business. As the funds under management have grown from £13m to £110m, they have found it necessary to look for increased administrative support, Mr Ian Ivory said.

Stewart Fund Managers was created in 1970 from the management of Scottish American, but has since diversified into unit trusts and international pension fund management.

There is little overlap in the two groups' areas of business. Stewart will contribute all the investment trust money and the majority of the unit trusts, while the bulk of the pension funds and almost all the private clients come with Ivory and Co. Stewart's pension funds are mostly U.S. Erisa accounts.

Of the new company's funds under management, of £183m undar management, £183m will be in investment trusts, £27m in unit trusts, £90m in UK and U.S. pension funds, and £70m in private client and charitable funds.

Christian Salvesen allotments

By Stefan Wagstyl

MANY OF the 73,000 investors who applied for stock in the over subscribed offer for sale in Christian Salvesen, Scotland's largest private company, will not get any shares.

Most other applicants will receive only a small fraction of the shares they applied for.

Applications for between 500 and 1,500 shares are to be put into a ballot for 500 shares. Investors applying for 500 shares have a one in two chance of success; those applying for 1,000 and 1,500 have a two in three chance.

Those applying for between 2,000 and 4,500 shares will be allotted 500 each and applications for 5,000 shares and above will receive 10 per cent of the amount applied for up to a maximum of 800,000.

The issue, is bringing the company to the stock market with a capitalisation of some £315m. Investors put up £435.6m for the £66m worth of shares on offer.

Mr David Loyd, assistant director of Salvesen's financial adviser, Kleinwort Benson, said this level of demand indicated that the 115p a share issue price was "about right."

Acceptance and rejection letters will be sent to applicants on Friday and dealings in the stock are expected to begin next Monday.

Purchases boost profits for Thermal Scientific

ACQUISITIONS ensured another year of growth for Thermal Scientific, the USM - quoted scientific instrument maker.

On turnover up by 62 per cent to £7.66m from £4.72m, pre-tax profits for the year to the end of March 1985 more than doubled from £507,000 to £1.03m. A final payment of 2p net is proposed, making the total dividend 3p, double last year's single payment of 1.5p.

Mr Hugh Sykes, the chairman, says that the year has been a period of successful development for the company with all the units producing satisfactory results. Carbolite, Stanton Redcroft and their subsidiaries increased their profit contribution by 30 per cent.

Cenorr and Betol, the companies bought in January, were being integrated successfully and proving to be valuable group assets, the chairman says.

Pro-forma figures show that if the two companies had been part of Thermal for the full year turnover would have been £11.05m, with pre-tax profits of £1.53m.

Mr Sykes adds that further organic growth will be generated by continued product development and increased market penetration. Plans are also advanced for further acquisitions. "Our objective remains to build a leading international group in thermal and related technology."

The present year has started well and the board is looking for another year of progress.

With tax at £460,000 (£216,000) and dividends taking £178,000, against the previous year's £61,000, retained profit was £393,000, compared with £230,000 for 1983-84. Earnings per share were 12p (7.3p).

Net tangible assets per share more than doubled from 30.5p to 61.9p.

The group designs and manufactures electric laboratory and industrial furnaces and ovens, thermal analysis instruments and plastic extrusion equipment.

● **comment**

Mr Hugh Sykes, Thermal Scientific's chairman, believes in setting his sights high: yesterday he said he aimed to see his company, at present a vigorous minnow, take its place among the top 10 thermal technology groups in the world. On present form he is going the right way about it. Thermal Scientific is in a highly competitive industry but has profited through investing heavily in product development where spending, at £1m a year, is running at some 13 per cent of sales. This has enabled the company to carve out specialist niches for itself in the thermal equipment industry and should enable it to go on expanding its share of what is in any case a growth market. Further acquisitions are also likely but only if they bring immediate gains in earnings per share. Profits this year of, say, £1.8m would have the shares at 290p trading on a prospective p/e of 16 after a 40 per cent tax charge, reflecting the market's faith in the quality of the management and future growth prospects. A full listing is likely in the next 12 months.

Midland Marts deal founders

BY ANDREW ARENDS

TRADING in shares of Midland Marts, the livestock, agricultural property and computer software group, quoted on the USM, resumed yesterday after a request from its board.

It was announced yesterday that discussions about a substantial acquisition with an unnamed company, which had led to the shares being suspended in April, had foundered. Midland Marts said that both parties had agreed amicably that the acquisition would not be pursued.

In the three days before they were suspended on April 18, Midland Marts' shares had risen by 20p to 105p. In the wake of yesterday's announcement, which also included the group's results for the year to February 1, 1985, the share price dropped by 19p to 85p.

The figures reveal that despite a 36 per cent increase in turnover to £4.32m compared with £3.17m the previous year, pre-tax profits advanced barely 3 per cent, from £522,000 in 1984 to £539,000.

Operating profits, however, improved to £614,000, compared with £522,000 for the previous year. One of the reasons for the company's disappointing pre-tax result was an exceptional item of £75,000, associated with development costs in the group's computer division.

Midland Marts said that the latest results also reflect the first full-year contribution from Shipways, the group's estate agent subsidiary acquired in September 1983.

Health Care aims for dividend in current year

PRE-TAX PROFITS of Health Care Services fell by £46,000 to £101,000 in the year to March 31, 1985. The figures were struck after taking account of a £306,000 rise in other operating expenses to £1.01m and interest charges which rose from £104,000 to £143,000.

However, a lower tax charge of £20,000 (£72,000) and the absence this time of extraordinary provisions (£46,000) left profits for the year at £81,000, against a previous £29,000.

The results were prepared, for the purposes of comparison, as if Medic International had been part of the group since April 1, 1983.

The group came to the USM last year and is now the principal UK public company concentrating on the service aspects of the health care sector. It is developing further trading opportunities in this field.

Turnover is continuing to increase and the directors are confident that this will begin to show through in a satisfactory level of profitability.

Although it is too early to make predictions for the current year, they anticipate continuing progress to a level which should result in the payment of a maiden dividend.

No interim as losses hit Nash Inds.

DESPITE A slight increase in turnover, Nash Industries incurred a pre-tax loss in the six months to the end of March 1985 and has passed the interim dividend.

On turnover £246,000 ahead at £8.61m, the company suffered a pre-tax loss of £187,000, compared to a profit of £258,000 for the comparable period last year. Mr J. F. Nash, the chairman, says that as a result an interim cannot be declared, compared with 1.5p last time, and adds that consideration of the final must await the full year's figures.

The only section to make a profit was engineering; the profits of which were down by £58,000 on the comparable £171,000.

Mr Nash says trading was affected by a temporary downturn in the packaging division and lower margins in construction.

He adds that the group will be profitable in the second half and steps are being taken to sell loss-making subsidiaries. Action should be completed by the end of the year and he says that 1985-86 should begin with sound profitable companies on which it will be possible to build.

Barton Group picks up

The Barton Group has made up some of the ground lost at halfway, and produced a pre-tax profit of £967,000 for year 1984, compared with £1.1m previously. The group manufactures steel tubing and electrical installation equipment, and is a member of the Caparo Group.

Turnover was £48.68m (£48.59m) and the operating profit came through at £1.54m (£1.66m). But interest charges were up to £577,000 (£553,000). Tax is higher at £237,000 (£74,000) and this cuts earnings to 1.49p (2.14p) per share.

There are again extraordinary debits of £342,000. Principal items relate to closures and restructuring and continuing business; also in 1984 there was a re-assessment of the value of certain properties.

Fashion & General

Pre-tax revenue at Fashion and General Investment, 76.4 per cent controlled by Scottish and Mercantile Investment, rose from £225,600 to £371,225 in the year to March 31 1985. After tax at £132,037 against £82,653, the net result came out at £239,188, up from £142,947, or 15.9p per ordinary share, against 9.5p.

The final dividend is raised from 4.4p to 9.8p net per share for a total of 15.8p (9.4p). During the year exceptional non-recurring professional fees of £82,707 were incurred.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Nash Industries ......int	nil	—	1.5	—	2.5
Stonehill Hldgs	3	—	2	6	3
Thermal Scientific	2‡	—	1.5	3	1.5
Daniel Thwaites	7.1§	—	7.1	7.1	7.1
Volex Group	5	Oct 1	3.7	7.5	5
Brown and Tawse	4.5	—	3.6	6.5	4.8
Craig & Rose	39	—	39	47	47
James Cropper	1.65	Aug 14	1.4*	2.25	2*
Fashion & General	9.8	Aug 13	4.4	15.8	9.4
Midland Marts	2.75	—	2.75	4	4
Carroll Inds ....int	2.8	July 19	1.8*	—	5.5*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
148	123	Ass. Brit. Ind. Ord. ...	142	—	8.6	4.4	7.9	8.4
151	135	Ass. Brit. Ind. CULS...	140	—	10.0	7.1	—	—
77	46	Airsprung Group	46xd	−2	6.4	13.6	7.7	10.0
42	28	Armitage and Rhodes .	37	—	2.5	7.8	4.8	7.7
158	108	Bardon Hill	158xd	—	4.0	2.5	20.8	20.8
80	42	Bray Technologies	80	—	3.9	6.5	7.3	8.5
201	161	CCL Ordinary	163	—	12.0	7.4	4.0	8.6
152	105	CCL 11pc Conv. Pref...	105xd	—	15.7	14.9	—	—
128	10	Carborundum Ord......	128	+1	4.6	3.6	6.3	9.9
88	83	Carborundum 7.5pc Pf.	84xd	—	10.7	12.7	—	—
73	48	Deborah Services	46	—	6.5	14.1	4.4	7.1
338	162	Frank Horsell	338	—	—	—	13.6	17.6
270	170	Frank Horsell Pr.Ord.87	270	—	9.6	3.6	10.6	14.2
32	25	Frederick Parker	28	—	—	—	—	—
62	33	George Blair	62	—	—	—	4.1	8.3
50	20	Ind. Precision Castings	20	—	2.7	13.6	6.5	5.9
216	160	Isis Group	160	—	15.0	9.3	7.1	12.9
124	101	Jackson Group	110	+1	5.5	5.0	7.4	7.4
285	213	James Burrough	234xd	—	15.0	6.4	7.4	7.4
93	83	James Burrough 9pcPf.	80	—	12.9	14.3	—	—
95	71	John Howard and Co.	95	+1	5.0	5.3	7.5	11.8
225	100	Linguaphone Ord.	222	—	—	—	8.2	8.6
100	92	Linguaphone 10.5pc Pf.	92xd	—	15.0	16.3	—	—
650	300	Minihouse Holding NV	616	—	8.9	1.1	26.8	25.6
120	31	Robert Jenkins	67	—	5.0	7.5	—	—
60	28	Scruttons "A"	34	—	6.7	18.8	17.8	4.1
92	61	Torday and Carlisle ...	75	—	5.0	6.7	3.5	6.5
444	325	Travian Holdings	325	—	4.3	1.3	18.5	18.2
30	17	Unilock Holdings	20	—	1.3	4.3	14.5	21.0
104	51	Walter Alexander	103	+1	7.5	7.3	7.7	11.1
247	218	W. S. Yeates	225	—	17.4	7.7	6.4	11.0

Prices and details of services now available on Prestel, page 48146

BBA in £16m agreed offer for Synterials

BY LUCY KELLAWAY

BBA, a manufacturer of conveyor belting, industrial textiles and friction materials, has launched an agreed £16.3m bid for Synterials, the Dutch-based company wblcb raised a record £20m when it joined the USM in 1983.

The acquisition of Synterjals, which designs and manufectures precision moulds and re-inforced plastics using computer technology, is viewed by BBA as an extension of existing businesses both in terms of product and geographical spreed. The company says that Synterials will complement the activities of its recently ecquired subsidiary Railko, which is involved with high-technology fibre-reinforced

At the end of March, Synterials bnd net cash balances of £12.8m, which will be used to compositions, reduce BBA's borrowings, and hence strengthen its balance sheet. BBA launched a £8.1m rights issue in March following the £15.8m acquisition of Cape Industries antomotive businesses earlier that month.

Synterials, which came to the USM as e start-up venture, has yet tn make a trading profit although after interest received made a profit of £528,000 in the first half of this year. In September 1984, the technical director resigned from the company, and at the beginning of this year the company unveiled an unusual plan to repay tn shareholders 45p of the 100p issue price, baving initially over-estimated the amount of working capital it would need.

Last month the repayment offer was reduced slightly, and following a 13-for-2 scrip issue, etands at 5.5p a sbare. This will be waived if the bid goes through, although the BBA deal contains an equivalent partial cash alternative.

"All Synterials high-technology problems are virtually at an end. We'll pick the company up and knock it into shape," Ray Mitchell, finance director at BBA, said yesterday.

The chairman of Synterials, Mr John Hill who will resign from the board if the bid succeeds, yesterday said: "There is good logic in putting the two companies together, and the price is right."

Terms of the deal are two BBA shares for every 19 ordinary shares in Synterials. Full acceptance would increase the capital of BBA by 21 per cent, and involve the issue of 19.6m new shares. Based on an 83p BBA share price, the deal values Syoterials shares at 8.74p each.

There is a casb alternative offered by Morgan Grenfell whicb has agreed to buy np to 68 per cent of the new BBA shares at 77p each.

Chrysalis rift confirmed

SPANDAU BALLET, the pop group, yesterday confirmed that it was seeking to terminate its contract with Chrysalis records and was claiming for damages as e result of alleged breach of contract.

Chrysalis, whicb announced details last week of e merger with Management Agency and Music, numbers Spandan Ballet as one of its major nrtists, and has sold about 10m of its records and tapes.

The group edmitted "surprise" at the failure of the merger document to mention the claim for damages and said that it had "no intention of entaring into any future relationship with thet compeny in any capacity."

Chrysalis said yesterday that nn allowance had been made in its prospectus for any future earnings from Spandau Baller, despite the fact that the group was under contract to produce twn more albums.

The record company described the chances of an award nf damages as "remote" and said that it was "unlikely that such damages would be material in the context of the proposed merger."

Nova Knit rescue plans fail and a receiver is appointed

BY CHARLES BATCHELOR

Nova (Jersey) Knit, a supplier of knitted fabrics to Marks and Spencer, has gone into receivership after its board spent an unsuccessful three mooths nttempting to put together a financial rescue package.

Nova, the shares of which bave been suspended from trading on the Stock Exchange since March 28, yesterday said its board had requested the appointment of a receiver and manager. Mr Micbael Arnold, of Arthur Young, the accountants bas been appointed.

Nova was suspended at 21p, valuing the company at £637,000, after it disclosed it was not in a position to repay the 7½ per cent unsecured loan stock on tha due date of March 31 1985.

Since then discussions have been taking place between the company, its bankers, advisers and the trustees of the loan stock in an attempt to save the group.

Nova lost £221,000, after tax, in the year ended March 1984, and a further £225,000, in the six months ended September 1984.

In March it was announced that Mr G. T. Craggs, a consultent, would be appointed managing director in place of Mr Frederick Strasser, who remained as chairman.

In a further board change last week, Mr P. J. H. Mayer resigned as finance director.

Mr Arnold said yesterday that the effects of production problems and the burden of debt were such that the directors felt it was in the interests of all creditors that a receiver be appointed.

Nova has two principal companies. Nova Jersey makes double jersey-knit fabric with an annual turnover of £7m, while Innovanoo (Garments) makes night dresses, dressing gowns and other garments.

The company employs about 60 people. No redundancles are envisaged while the receiver reviews the financial position. The aim is to sell it as a going concern.

Nova stirred up considarable controversy two years ago whan it suddenly moved its operations from Wales to Nottingham while the workforce was on holiday.

Johnson Matthey £11m disposal

BY ALEXANDER NICOLL

Johnson Matthey, the precious metals group, is selling its share in a specialty chemicals joint venture to the other part-owner, UOU of the U.S., for £11m in cash.

The sale has been under negotiation since before Johnson Matthey ran into difficulties last autumn with tha near-collapse and Bank of England rescue of its banking arm.

The stake being sold is a 50 per cent holding in Universal Matthey Prodncts and its subsidiaries, makers of catalysts, chemicals and instruments for the oil and petrochemicals industries.

The venture was set up to use platinum produced by Johnson Matthey and know-how belonging to UOP, a subsidiary of Signal Companies — itself bought recently by Allied Corporation.

The £11m price, which compares with a book valoe of £6.6m, will be used to reduce the group's borrowing requirements.

Johnson Matthey said UMP was not a significant part of its core chemicals business.

The group is undergoing a reorganisation following last year's events. It has eppointed Mr Eugene Anderson, formerly of the U.S. fibres group Celanese, as chief executive under the chairmanship of Mr Neil Clarke, who heads Charter Consolidated, Johnson Matthey's largest shareholder.

Lep paying £7.8m for transport group

By Alexander Nicoll

Lep Group, the international freight forwarder, is buying Swift Transport Services, a UK distribution, warehousing and transport company, for £7.8m.

The purchase price includes the assignment of a £1.5m loan by Investors in Industry, whicb holds a 30 per cent stake in Swift. Lep is issuing 3.4m shares which will be placed on behalf of the vendors at 230p each. Lep shares fell 7p to 233p yesterday.

Mr John Leech, Lep finance director, said Swift would operate independently of its freight forwarding business, but would respond to increasing demand from Lep customers for door-to-door, rather than depot-to-depot, service.

Swift had pre-tax profits of £490,000 in the year ended May 31 1984 and estimates that the figure rose to about £850,000 in the latest financial year. The purchase price is subject to audited profit figures.

Swift's existing operating management will stay with the group.

Lep last year made an unsuccessful attemot to acquire Munford and White, a UK security alarm manufacturer. It also bought 48 per cent of National Guardian Corporation, a central station alarm business which is to be floated on the U.S. over-the-counter market.

BET sells HQ for £20m

BY CHARLES BATCHELOR

British Electric Traction has sold its Piccadilly bead office building, Stratton House, to Scottish Widows Fund and Life Assurance Society for £19.65m.

It will lease back the three storeys it occupies.

Mr Nicholas Wills, managing director, said the move was part of BET's plan to make its capital work harder and reduce its general investment. The money released has not been earmarked but will reduce borrowings.

BET bas been engaged in the past two years in the re-organisation of its businesses to improve its sleepy image with the stock market.

It has takeo full control of Initial, the linen rental group and of Rediffusion, the television rental and flight simulation company, though most of Rediffusioo has since been sold. It bas also made a large number of acquisitions in the publishing and construction-related field.

BET said its relatively-small headquarters staff, of 20 executives and 50 support staff, meant removal out of London would not achieve major savings, so it would be returning to Strattoo House.

It will move into Rediffusion's offices at Carlton House, Lower Regent Street, while refurbishment is carried ont. Six floors of Stratton House are occupied by Langan's Brasserie, an airline, a bank and teo other tenants.

Saatchi buys in Canada

A FURTHER step has been taken by Saatchi and Saatchi to develop its edvertising operation in the major world markets. For an initial cash payment of Canadian $6m (£3.75m) it is buying Hayhurst Advertising, one of the ten largest agencies in Canada with billings last year of more than C$66m (£44m).

Further consideration payments may be made to bring the aggregate purchase price (including the downpayment) up to 10½ times the average post-tax profits of Hayhurst for the period ending September 30, 1988. Saatchi will fund the acquisition from existing resources.

Hayburst has been an associate member of the Saatchi and Saatchi Compton worldwide network for the last six years. Its clients include Nabisco, Nestle, Chesebrough-Ponds, and the Toronto Dominion Bank.

In 1984 Hayhurst mada adjusted pre-tax profits of $1.35m (£840,000), and at the end of the year its net tangible assets were some $1.29m (£800,000). By the effective acquisition date the latter are expected tn be around $2m (£1.24m).

COMPANY NEWS IN BRIEF

HANSON TRUST, tha diversified holding company, is giving the U.S. the bighest priority in its acquisition programme, according to Mr Martin Taylor, a director. "It is bighly likely that our next acquisition will be in the U.S. and will be of some substance," he said. "We believe the U.S. is a more inexpensive market than the UK." Hanson announced plans fnr a £519m rights issue—the largest UK private sector rights issue—on June 10. Shares of some of the UK companies rumoured to be Hanson's next UK takeover target eased yesterday in the wake of Hanson's comments.

ARDEN AND Cobden Hotels bas received an approach which may lead to an offer being made for the company's shares. Yesterday's share price was 400p. The company, believed to be the only remaining publicly quoted unlicensed botel group in the UK, last year mede pre-tax profits of £123,000 on a turnover of £1.4m.

ROBERT MOSS has received acceptances totalling 20 per cent nf Cole Group's equity—it already held 8.1 per cent. Closing date nf the £5.72m offer has been extended to July 5.

SUTER, the engineering, distribution and packaging group headed by Mr David Abell, has increased its bolding in F. H. Lloyd, the foundry group, from 20.15 per cent to 22.85 per cant.

NEWMAN TONKS' estimated pre-tax profits for the six months to June 30 are £2.07m (£1.73m), not the £1.36m (£1.09m) reported in Saturday's edition.

GREEN PROPERTY'S offer for sale of 6.6m shares in the Dublin-based company closed on Friday with the level of subscriptions just covering the sale. All npplications have been accepted in full and dealings start tomorrow.

CRAIG & ROSE, paint and varnish manufacturer, just kept in profit in the second half to the tune of £3,000. This means the overall pre-tax profit for tha year 1984 fell from £140,000 to £67,000, but the dividand is again 47p net, tha final being 39p. Turnover fell to £4.62m (£4.95m). Earnings were 52p (109p) per share.

USBORNE & SON (London) has 3.88m shares (28.02 per ceot) in Feedex Agricultural Industries, following purchases in the market.

HOBSON directors say that Mr G. R. Nicholson, former maneging director, has brought further High Court proceedings against the company and its subsidiary, Hobson Process and is seeking compensation as the alleged inveotor of the Hobson process.

INSPECTORATE has acquired in the market 2.25m ordinary shares (17.02 per cent) of RT. This follows its announcement on June 13 of a recommended cash offer for RT.

WALTER DUNCAN and Goodricke bas purchased from an associated company, 222,630 ordinary shares in Brown Shipley Holdings, which brings its total holding up to 2.37m ordinary shares (16.46 per cent).

TWYFORD International, the plant biotechnology company with interests in both Europe and the U.S., has made e formal offer for a controlling interest in the Asmer Group, n UK plant breeding and seed company. The development is viewed fevourably by the boards of both companies, with the Asmer directors signalling their approval of progress to-date to their shareholders. Negotiations will be continuing in the coming weeks.

HENNENIC AND GENERAL TRUST has increased its net revenue from £670,000 to £1.66m for the year ended March 31, 1985, after tax £1.28m (£502,000). There are investment gains of £344,000 (£958,000). The trust is a subsidiary of Hambros.

Cluff Oil

An item in last Saturday's Financial Times, under the beadline "UK oil company's sale approach," stated that the chairman of Great Western Resources had said that be had received an approach from Cluff Oil with a view to being taken over.

Cluff Oil has asked us to point out that it has not at any time approached Great Western Resources, or any other company, with a view to being taken over.

LADBROKE INDEX
967-971 (—3)
Based on FT Index
Tel: 01-427 4411

UK COMPANY NEWS

James Cropper falls to £763,000

THE EXPECTED improvement in second half results at paper manufaclurer James Cropper did noi materialise, and for the year ended March 30, 1985 the pre-tax profit fell from £1.33m to £763,000.

However, the directors consider that the uoderlying position of the company has strengthened in the year, and they are raising the final dividend to 1.65p. This gives a total of 2.25p, up from 2p adjusting for a scrip issue.

They say there was a rapid rise in pulp costs during a spece of four months, which hit margins until January this year. At present there is a "much needed" period of calm after the explosion of those costs.

If the present full order hook holds good, the company has the necessary investment in plant and machinery to further increase output, and this should translate to better results for the current term.

In 1984-85 turnover rose from £21.57m to £25.14m; hut the operating profit fell by £484,000 to £1.23m and was subject to interest charges of £465,000 (£379,000). The pre-tax profit was split equally between the first and second halves.

After tax £39,000 (£34,000) the net profit is £724,000 (£1.3m) for earnings of 18.1p (32.5p restated) per share.

The 1983-84 year was exceptional, with turnover, tonnage and profits reaching record levels. The profit compared with £404,000 in the previous year.

CROWN HOUSE subsidiary, W. J. Furse & Company of Nottingham, has agreed to acquire for casb J. 5mith (Southern), an established South London hased steeplejack husines.

All-round profitability gives Volex 43% rise

SOLID PROGRESS has been achieved by the Volex Group of electrical wire and accessory manufacturers in the year ended March 31, 1985, with pre-tax profits advancing hy 43 per cent lo £4.13m. Highlights from the balance sheet ahow shareholders' funds up 20.6 per cent. and reductions in borrowings and gearing.

Shareholders receive an increase ln dividend, as promised. Following the lift in the interim, the final is up to 5p for a net total of 7.5p, against 5p last time. The rate of increase, the directors say, elso takes into account their confidence ln the continuing progress of the company.

Mr Peter Frost, tha chairman, says the company (formerly known as Ward & Goldstone) is firmly based and managed, and is pursuing all opportunities for good sound growth. He anticipates that the current year will produce further satisfactory results.

In 1984-85 all divisions traded profitahly. Volex Accessories continued to make progress towards schieving a satisfactory return, particulerly ln the second half; while Volex Wiring Systems maintained its leadership in car wiring systems manufacture, completing the istallation of its CAD (computer aided design) system.

Volex Pencon, the leader in moulded on plugs and connectors, achieved satisfactory growth. Volex Raydex did oot make the progress hoped for st the start of the year, hut wilh the move into its new fsctory complete the division finished the year with good prospects. Volex Electronics, still in lts infancy, has yet to make a material contrihution.

Mr Peter Frost

Turnover rose from £52.3m to £54.27m, with the continuing activities showing an increase of 11 per cent, and the operating profit was np from £3.74m to £4.66m. After tax £487,000 (£325,000) the balance comes to £3.64m (£2.56m) for net earnings of 24.1p (16.9p) per share. The ordinary dividend absorbs £1.13m (£756,000).

Mr Frost says the balance sheet has heen strengthened considerably. Shareholdera' funds are up by £2.5m to £14.6m. Gearing is reduced from 54 per cent to 32 per cent, and even ii finance lease commitments are included it ls 37 per cent—"still a considerahle improvemant."

Net current assets have almost douhled to £8m mainly because of a transfer from hauk overdraft tnto medium term bank loan of £2m, and a reduction in bank overdraft of £1.5m.

• comment

Volex could squeeze hetter margins from its sales this year and profits might nip ebove the £5m mark pre-tax. But to provide sufficient impetus for lhe next stage of growth the group must now turn lts attention to acquisitions. At present it has three hasic divisions, roughly equally split in sales terms: wiring looms for antomohiles, accessories such household plugs and sockets and the rest, which takes in everything from moulded-on plugs to fibre optic cahles and electronics. Wiring looms are hecoming increasing profitable as the car manufacturers intensify the complexlties of their models but in volume terms the overall market is not growing hy much. Tha three-pin plug market is also getting rather long in the tooth. So Volex can either build on one of its smaller parts by ecquisition or tackle something new. For choice the management will prohshly hroaden its existing electronics activities. Talks are under way with more than one quoted company hut the group remains some way off agreeing a deal and there is an obvious reluctance to he generous with paper which is ooly rated at 7 times historic profits et 173p. With or without acquisitions, the shares look inexpensive.

Exchange rates boost Swire

ALTHOUGH 1984 pre-tax profits of John Swire and Sons surged from £48.5m to a record £67m the figures were considerably influenced hy exchange rate movements.

And with the shipping crisis likely to remain for a while yet such high profits are not necessarily looked for in the future.

However, the chairman says the underlying husinesses are sound and confidently expects them to continue to perform satisfactorily.

It is pointed out thet 1984 profits would probably have been around £10m lower if the exchange rate at December 1983 bad prevailed.

For the past year turnover pushed ahead from £183.8m to £248.3m—the group's principal activities include shipowning aod operating, aviation, merine services, road transport, cold storage and property.

Cost of sales rose to £134.7m (£96.9m) and other operating expenses accounted for £95.4m (£72.9m). Operating profits emerged £4.2m higher at £18.2m.

Pre-tex figures were struck after sdding in a £48.4m (£39.7m) share of related companies profits, investment income and interest recelved of £11.9m (£7.2m) and exceptional credits of £7.8m (£1.7m). Interest charges rose from £14.1m to £19.3m.

Tax took £18.8m (£11.8m), minorities £0.9m (£0.5m) and extraordinary debits £2.4m (£0.6m credits).

Of the associated compaoies Swire Pacific in Hong Kong again made the higgest contrihution hut James Finlay and the Australian associated companies also played their part.

Prospects for 5wire Pacific, which takes in Cathay Pacific Airways, for 1985 are strong, although no immediate improvement is foreseen within the offshore services division and profits in that area are likely to remain depressed.

The group, based in London, is privately owned. It is paying a final dividend of 13p, for a total of 24.5p (21p). It is also proposing a scrip issue on a three-for-one basis.

New Cavendish raising £2.5m

New Cavendish Estates is proposing to confine its sctivities to the UK and not to acquire property interests outside the area. To carry out this programme it will divest itself of the U.S. interests, and raise some £2.45m net for refurhishing and upgrading certain principal properties and meeting the near £600,000 cost of acquiring the freehold reversionary interest in 18 Thames Street, Windsor.

The funding will come from a rights issue to ordinary shareholders on the basis of 1-for-1, at 77p each.

A new company, Needham Holdings, has been formed to acquire the capital of Needham Estate, which operates New Cavendisb's property interests in the U.S. New Cavendish will subscribe for a further 34,723 shares at £1.50 cash each; this will bring the Needham Holdings capital up to 34,725 shares and these will be distrihuted to New Cavendisb shareholders registered June 26 oo the basis of 1-for-100.

Holdings intends to raise some £750,000 over three years, principally to repay an unsecured loan stock being issued to New Caveodish. It inteods to raise as much as possible of the balance by further horrowings, hut will implement immediately oo completioo of the takeover a 6-for-1 rights issue at £1.50 per share to raise £312,525.

The Windsor property comprises a hasement wine bar, ground floor shop and three floors of offices. The building is fully let and produces an aggregate gross reotal of £40,000

Whisky sales lift Seagram over £25m

Increesed overseas demand for its scotch whisky, particularly from the U.5. and Italy, has helped Seagram Distillers, wine and spirit producers, to lift its pre-tax profits hy £1.92m to £25.26m for the year to end-January, 1985.

The increased demand wes reflected in turnover aheed from £224.02m to £298.91m, which generated a 36 per cent jump in operating profits to £47.16m.

Trading conditions in the UK continued to be difficult but margins were maintained, the directors say.

The entire share capital of the company, previously held hy a numher of companies within the Seagram Company of Canada group, was transferred during the year to Seagram Holdings, Incorporated in the UK, es part of a rationatisation of the UK group structure.

The pre-tax figure was struck after interest charges of £15.42m (£11.42m), and exchange losses of £6.49m (£51,000 gain). Tax took £8.3m (£4.48m), and minorities £50,000 this time.

There was an extraordinary £3.19m dehit last time

Brunswick Oil

Construction started yesterday on a $13m gold mine for Brunswick Oil et Galtee More, lo Western Australia. The project, which is 100 per cenl owned hy Brunswick, is being financed hy Rothschild Australia.

BOARD MEETINGS

TODAY

Interims:—Cress Nichelsen, Ernest Jones (Jewetlers), Standard Securities.
Finals:—Ancher International Fund, Ferranti, Halma, Hambros, Hargreeves, Londen Investment Trust, Mercury Securities, Optometries (U.S A.), J. T. Parrish, Petbow, R.F.O., Shew Carpets, Whitecroft.

FUTURE DATES

Interims:—

Arbuthnet Oellar Income Trust	June 28
Bibby (J.)	June 26
County Properties	July 5
Evode	July 15
Glass Glover	June 26
Southern Business Leasing	July 10
Whitworth's Feed	June 27

Finals:—

Carcle Engineering	July 2
Celestion Industries	June 27
Gilbert House Investments	July 5
Save and Prosper Return of Assets Investment	July 1
Stirline Group	July 9
Western Metor	June 26

Royex and Inca agree on formula to end dispute

The two Canadian companies Royex Gold Mining and Inca Resources have reached sgreement for the settlement of their dispute over bringing into production Inca's Rich Gulch property in California.

Under the terms of the settlement, ennounced yesterday in a joint statement, Royex and Inca have agreed to discontinue their legal proceedings in California.

Royex has agreed to transfer to Inca lts right to earn a 51 per cent interest in the Rich Gulch property in exchenge for 2m Inca Treasury shares. This will result in Inca owning a 100 per cent Interest in the property, and Royex owning approximately 30 per cent of Inca.

Inca's intention is to proceed with s significent equity financing to raise up to C $4m for further development of the Rich Gulch property.

Mr Peter 5teen, chairman and chief executive officer of Royex, stated that the reguler June 30, 1985, dividend on its series A Preference shares has not heen declared at this time.

As has heen previously announced, Royex proposes to offer all of its preference shareholders the opportunity to convert each series A Preference into two Royex common shares and e one year warrant to purchase a Royex commnn share at C $2.50 per sbare.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	12½%
Amro Bank	12½%	Knowsley & Co. Ltd.	13 %
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13½%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	PK Finans Intl. (UK)	13 %
■ Brown Shipley	12½%	People's Trust	13½%
CL Bank Nederland	12½%	Provincial Trust Ltd.	13½%
Canada Permanent	12½%	R. Raphael & Sons	12½%
Cayzer Ltd.	12½%	P. S. Refson	12½%
Cedar Holdings	13 %	Roxburghe Guarantee	13½%
■ Charterhouse Japhet	12½%	Royal Bank of Scotland	12½%
Choulartons**		Royal Trust Co. Canada	12½%
Citibank NA	12½%	■ J. Henry Schroder Wagg	12½%
Citibank Savings	¶12½%	Standard Chartered	‖12½%
Clydesdale Bank	12½%	TCB	12½%
C. E. Coates & Co. Ltd.	13 %	Trustee Savings Bank	12½%
Comm. Bk. N. East	13 %	United Bank of Kuwait	12½%
Consolidated Credits	12½%	United Mizrahi Bank	12½%
Co-operative Bank	*12½%	Westpac Banking Corp.	12½%
The Cyprus Popular Bk.	12½%	Whiteaway Laidlaw	13 %
Dunbar & Co. Ltd.	12½%	Williams & Glyn's	12½%
Duncan Lawrie	12½%	Yorkshire Bank	12½%
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%, 1 month 10¼%. Top Tier—£2,500+ at 3 monthly notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

Stonehill achieves 170% profit growth and doubled dividend

NEAR TREBLED profits and a doubled dividend are announced hy Stonehill Holdings, the furniture maker operating under the Stateroom, Beautility and Brookdale names.

Second-half profit before tax amounted to £537,000 to give a total of £1.04m for the full year ended March 31, 1985, compared to £386,000—a rise of almost 170 per cent. The final dividend is lifted to 3p and makes 6p (3p) for the year.

The profit takes into account the full devalopment costs associated with Uniflex, following the acquisition last Octoher of the business and certain assets of Uniflex Furniture.

Turnover in the year rose hy £2.5m to £18.61m, while the trading profit more than douhled from £633,000 to £1.34m. Tax takes £422,000 (£133,000) to leave the net profit at £619,000 (£253,000), equal to 9.56p (3.02p) per share. Last year there was an extraordinary dehit of £43,000 and an extraordinary tax charge of £250,000, which left an attrihutahle loss of £40,000.

Export sales have expanded to £327,000 (£188,000) and the directors are expecting the overseas markets to start to make a "major contrihution" to group sales towards the beginning of next year. A new company, Stonehill International, has been formed and an experienced export director engaged to develop the business which will deal in furniture and allied products.

Orders placed at the recent Earl's Court exhibition justify the company's policy of treating research and development "as a priority," the directors tell members.

Further extension of the design and development department is being planned involving additional facilities, and tha company has integrated into the manufacturing complex the additional factory space (some 80,000 sq ft) recently purchased.

The directors expect the benefit of the Increased and improved production facilities to play "a significant part" in the group's development over the next 12 months.

NCB pension funds back venture capital operation

BY WILLIAM DAWKINS

CIN Industrial Investments, the unquoted equity arm of the National Coal Board pension funds, is taking part in a joint venture to back small information technology companies.

It has taken a 50 per cent stake in Barnes Thomson Management, which has just raised £3.6m from eight financial institutions for a new venture capital operation, Syntech Information Technology Fund.

The other partner is Royce Cook Associates, a management consultancy owned hy Mr Kenneth Barnes and Mr Devid Thomson, who will manage Syntech. The fund has already invested £200,000 in LDR 5ystems, a software house specialising in computer-based communications.

The latest venture capital offering for privete investors is Centreway Development Capital's third Business Expansion Scheme. Like its predecessors, the scheme is open-ended, which means that it can continne to take subscriptions while investing cash it has already received—a facility denied to Department of Trade and Industry-approved BES funds.

Centreway III will restrict itself to raising £2.5m, of which it plans to invest £1m

FT COMMERCIAL LAW REPORTS

Breaches of court order authorised by union

EXPRESS AND STAR LTD v NATIONAL GRAPHICAL ASSOCIATION AND ANOTHER
Queen's Bench Division: Mr Justice Skinner: June 24 1985

WHERE A trade union carries out the formalities of obeying a court order restraining it from persuading members to break their contracts of employment or to black the work of related employers, it is nevertheless responsible for its officials' acts in so persuading members if it signifies by clandestine methods of approval that such is its policy.

Mr Justice Skinner so held when imposing a fine on the defendant trade union, the National Graphical Association and another, for breach of an injunction granted to Express & Star Ltd, and other newspaper companies by Mr Justice Hodgson.

Section 15 of the Employment Act 1982 provides: "Where proceedings in tort are brought against a trade union . . . (b) in respect of an agreement . . . to procure the doing of an act . . . that act shall be taken to have been done by the union if . . . it was authorised or endorsed by a responsible person. (3) . . . an act shall not be taken to have been authorised or endorsed by a responsible person unless it was authorised or . . . endorsed . . . (d) by any . . . official who is an employed official . . . (4) An act shall not be taken . . . to have been authorised or endorsed . . . if . . . (b) the act has been repudiated . . . (5) . . . an Act shall not be treated as repudiated unless (a) it is repudiated as soon as is reasonably practicable

HIS LORDSHIP said that the plaintiff newspaper companies wanted to take advantage of recent technological advances which would mean virtually eliminating the composing room.

They gave an undertaking that there would be no redundancies, but were unable to reach agreement with the union. They therefore went ahead in February 1985.

The union threatened disciplinary action against any employee who operated the new system. Most obeyed union instructions, not only at the plaintiff companies' premises, but at other shops where their material was printed.

As a result, on March 1, Mr Justice Hodgson made an order: (1) restraining the union from persuading union members to act in breach of their contracts of employment (a) other than pursuant to a ballot, or (b) with any third party so as to interfere with the companies' trade or business; (2) requiring the union to withdraw any order given to members to act in breach of their contracts of employment.

Following the court order the union sent circular 52/85 dated March 7, to all branches withdrawing earlier instructions on blacking.

In the present application the plaintiff companies complained about breaches of Mr Justice Hodgson's order.

West Midlands Print Services, which printed three weekly newspapers for Express & Star, employed four typesetters, all members of the union. On April 16 Mr Lowe, Secretary of the West Midlands branch, accompanied by Mr Harris, a national official, and at least three union members involved in the dispute, deliberately accosted the four typesetters during their lunch-hour and, by blandishments and threats, tried to persuade them to break their contracts of employment.

The blandishments consisted of an offer of £160 a week until they found other employment. The threats were that if they continued working they might lose their union cards or be fined.

After a further meeting between the typesetters, their manager, Mr Lowe and Mr Harris, three typesetters left their employment and shortly afterwards three identical letters provided by Mr Lowe and signed by them were received by their employer.

The court was satisfied there was a concerted breach by Mr Lowe and Mr Harris of the terms of paragraph 1(b) of Mr Justice Hodgson's order.

The work of one of the plaintiff companies was blacked by employees of another printing company in North Wales after a chapel meeting held on April 10.

The meeting was attended and addressed by Mr Morgan, Secretary of the North Wales branch, and by Mr Harding a national official.

Overseers at the company, though members of the union, were forbidden access. They protested and a meeting was held on April 22 attended by six overseers, two fathers of chapels, Mr Morgan, one national council member named Mr Webb and one national official named Mr Ellis.

The evidence was that at the meeting Mr Morgan said the union wanted the North Wales blacking to continue in order to bring financial pressure on the Express & Star management. Either Mr Webb or Mr Ellis added that he thought they could bring the dispute to an end by financial pressure. Mr Morgan then said that he had had letters from head office but had been given a nod and a wink that if they did not go out to chapels nothing would be said.

The court was satisfied that Mr Morgan, Mr Webb and Mr Ellis were all involved in a breach of paragraph 1(b) of Mr Justice Hodgson's order.

The question was whether the union was responsible for the acts of Mr Lowe, Mr Harris, Mr Morgan, Mr Webb and Mr Ellis. That involved three questions:

(1) Was the union vicariously responsible for the acts of the officials

Mr Goudie for the union submitted that the union was a federation of independent units.

Members of the branches (ie members of the union) might think they were independent, but they were not. To regard the union as a federation of branches was a wholly artificial concept, clearly contradicted by the union rules: Rule 5(6) was conclusive: "For the purpose of efficient administration the association shall be divided into branches . . . The territorial area of each branch and the formation of new branches shall be matters for the discretion of the National Council." The organisation was monolithic, not federal.

Mr Goudie further argued that all the officials concerned were acting contrary to the orders of the union expressed in circular 52/85.

The court was driven to the conclusion that the officials concerned were acting with the authority of the union. Mr Harris's presence at the meetings and the payment of the promised £160 a week fortified that view.

There were two union officials, one local, one national, paying lip service to the terms of the order, but plainly breaking it. It was inconceivable that they would do that unless encouraged to do so from above. It would be totally inconsistent with the essence of trades union action and strength.

The North Wales case was even stronger. The attendance of Mr Webb and Mr Ellis at the meeting of April 22 and their contributions, made it clear that it was more than a nod and a wink approval by the union. It was the implementation of a policy by the union to bring unlawful financial pressure on the plaintiff companies in breach of Mr Justice Hodgson's order.

(2) Were the officials "responsible officials" of the union within section 15 of the Employment Act 1982?

Unless the acts complained of were authorised or endorsed by such an official, the union enjoyed immunity from process.

Mr Goudie took the point that section 15 had no application because the proceedings were for contempt and not tort.

That was wrong. The originating process for the proceedings was a writ and the cause of action was in tort. The present motion was but a step in the same proceedings. Section 15 applied.

It followed that Mr Lowe, Mr Morgan, Mr Harris and Mr Ellis were "employed officials"

(3) Were the officials' acts repudiated by the union within section 15(4) (b)?

Because the union had never acknowledged its responsibility for the acts of Mr Lowe and Mr Morgan, it had never attempted to repudiate them. It gave evidence that Mr Ellis attended the meeting without its knowledge or consent and that it would have repudiated his acts had it known.

In the case of Mr Harris, the union relied on a letter addressed to him by the General Secretary, dated May 15. It stated that "if" Mr Harris had supported action contrary to the order of the court, his support was repudiated.

That was not a repudiation. It amounted to a conditional and half-hearted reprimand and no more.

A repudiation involved an open disavowal and disowning of the acts of the official concerned which must, at the very least, be communicated to the victims of the tort. A true repudiation would also have involved a disowning of Mr Harris to all the members of the union who attended the meeting on April 17.

Thus the union was liable for breaches of the injunction committed by its officials. The task force sent to the West Midlands to organise industrial action came authorised by nods, winks, the turning of blind eyes and similar clandestine methods of approval, which did not appear in records or minutes or circulars, encouraging their members to black work emanating from or going to the plaintiff companies.

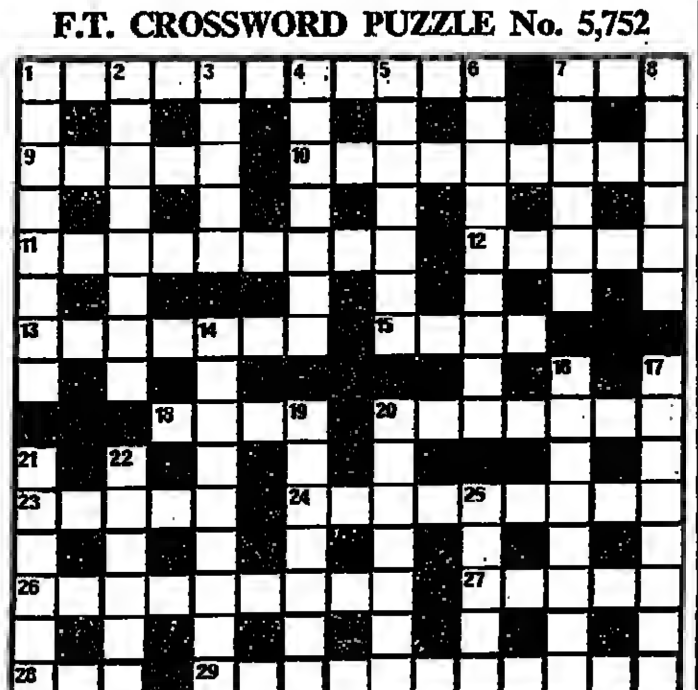
The union must pay £7,500 for each of the two proven breaches.

For the union: James Goudie QC and Elizabeth Slade (Kershaw Gasman and Matthews).

For the companies: Malcolm Lee QC and John Mitting (Ryland Martineau, Birmingham).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,752



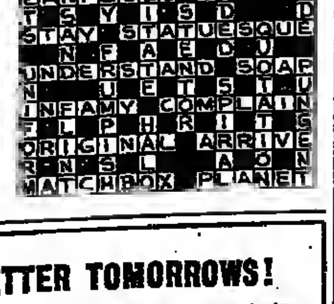
ACROSS

1 Proceeded to argue like Siamese twins? (6, 5)
7 Ready for collection (3)
9 Want a partner for animal surgery? (5)
10 On both sides of the Channel Eve is unusually alluring (9)
11 Brandy set out for the spectator (9)
12 Wants to sound negligent (5)
13 One more metamorphosis on earth (7)
15 Ones, perhaps, who vote against (4)
18 Ring a girl to come round soon (4)
20 What the volunteer said when wrongfully arrested? (3, 2, 2)
23 Metal ring held by a friend (5)
24 It makes one admission after another (9)
26 Principally doctors have to yield to temptation (4, 2, 3)
27 Once more a profitable deal (5)
28 Agree it's put on back to front (3)
29 Looking for scraps? (11)

DOWN

1 Jane broke a horse in for a period after Elizabeth (8)
2 He suffers from depression (8)
3 Run over? (5)
4 He's in the right position not to be found out (7)
5 Ordains an arrangement for smoothing things out (7)
6 To do better than a fast time would be absolutely first-rate (9)
7 Change an electrical fitting (6)
8 Fly repeatedly upsets 7 across (6)
14 Sweet store often buzzing with activity (9)
16 It appears in a woman's secret birthright (8)
17 A sign of passionate involvement (4, 4)
19 Game little girl holding bat incorrectly (7)
20 Rock singer learning what Romanians use for money (7)
21 A manly sort of person who isn't an expert (6)
22 Such a shop is somewhat limited (6)
25 Criticise outdated school equipment (5)

Solution to Puzzle No 5,751



APPOINTMENTS

New members for Securities and Investments Board

The Governor of the Bank of England has appointed the following to be members of the SECURITIES AND INVESTMENTS BOARD: Mr Edward Ray, senior partner, Spicer & Pegler, member of the City Capital Markets Committee; Mr John Abell, chairman and chief executive officer of Orion Royal Bank; and Mr David Anderson, managing director, E. D. & F. Man International, vice-chairman of the London Commodity Exchange. The new members, like those already appointed, will serve in a personal capacity and on a part-time basis. The Bank says the new members will "bring valuable expertise and practitioner experience to the board in areas not at present suitably covered, in particular international bond dealing and commodity and futures markets." The latest appointments do not necessarily bring the board up to its final size and it remains possible that one or more additional members will be added.

★

Mr Edward C. Humphreys has been elected president of the NATIONAL ASSOCIATION OF BRITISH AND IRISH MILLERS for the coming year. He is a director of Dalgety UK and chief executive of Spillers milling division which includes Spillers Milling, Spillers Homepride and Spillers Premier Products. The new vice-president is Mr Bernard W. Lewis, chairman and managing director of Greens Flour Mills. He is also a director of Edward Baker Holdings.

★

NORDIC BANK has appointed Mr Christopher Beatson-Hird, Mr Magne Fosheim and Mr Bruce Lamble as directors. Mr Beatson-Hird is in charge of the UK banking department, Mr Fosheim of the oil department and Mr Lamble, formerly with National Westminster Bank USA, is in charge of the shipping department. Mr Simon Hartnell and Mr Paul Stevenson have been appointed associate directors. Mr Hartnell is in charge of the treasury department and Mr Stevenson of the Nordic banking department.

★

RAPRA TECHNOLOGY (formerly the Rubber and Plastics Research Association of Great Britain) has appointed Mr C. F. Jeanes as chairman of council and chairman of the new board. Mr Jeanes is chairman and managing director of Milliken Industrials. Mr D. E. P. Owen, managing director of the Northern Rubber Company has been appointed vice-chairman of council and a director. Other members of the board are Mr M. I. Iddon, Dr B. C. Lindley and Dr J. P. Berry, the chief executive and managing director. Mr Harry Jackson succeeds Sir Harry Melville as president.

★

Dr John H. Henderson, adviser in mental health to the World Health Organisation, has been appointed medical director of St. Andrew's Hospital, Northampton, the largest private hospital in Britain specialising in psychiatric medicine. Dr Henderson will take up his appointment in August.

★

FENCHURCH LIFE & PENSION CONSULTANTS has appointed Mr Keith Bridgeman as an assistant director.

★

Mr Kevin McCoy, human resources manager for AMERICAN CAN (UK), and its TRIFID software division, has been appointed personnel director for the company.

★

Mr Jonathan Grant has been appointed a director of JACKSON CATERING EQUIPMENT, Leeds. Previously the company's financial advisor, he is also a partner with Leeds accountants Grant & Co., where he is responsible for the corporate finance division.

★

Mr J. M. Macharg, general manager of The Scottish Provident Institution, has been elected president of the FACULTY OF ACTUARIES in Scotland. He succeeds Mr A. D. Shedden, deputy general manager of Standard Life, who is retiring after completing the normal two years of office.

★

UNIT CONSTRUCTION has appointed Mr Christopher Randle as general manager of its northern division.

★

Dr Richard Marks has been appointed director of Brighton's ROYAL PAVILION Art Gallery and Museums Department to replace Mr John Morley who has gone to the Victoria and Albert Museum. Dr Marks will take up this post later in the year. He is assistant director, Glasgow Museums and Art Galleries, responsible for the Burrell Collection and Extension Services. The Burrell Collection has just gained the Museum of the Year award. Ms Marion Waller has been promoted to deputy director and principal keeper of antiquities and interpretation.

★

The board of CO-OPERATIVE RETAIL SERVICES has elected Mr Brian Hellowell as chairman. He succeeds Mr W. E. (Bill) Wiles, who was not seeking re-election. Mr Hellowell was elected to the board in 1979. He is a member of the Yorkshire regional committee of CRS and is also a director of CWS and CIS.

★

At the annual meeting of the OIL AND CHEMICAL PLANT CONSTRUCTORS' ASSOCIATION, Mr R. Scott of Davy McKee (London), Mr G. T. Skelding of Brown and Root (UK), and Mr J. M. Coulson of Foster Wheeler Energy, were elected chairman, vice chairman and treasurer respectively.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd	62.5	66.3		3.43
Accum Units	92.1	98.0	-0.1	3.43
Pearl Inc	87.1	92.7	+0.3	4.40
Pearl Unit Tst	90.7	96.5xd	+0.3	4.15
(Accum Units)	153.3	163.1	+0.3	4.15

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	101.4	194.7	+0.3	1.49
Income	135.6	145.2	+0.5	5.42
Worldwide Recovery	103.2	110.8	+0.1	2.10
American Growth	56.3	60.4	-0.1	0.65
Intl Emerging Cos.	57.9	62.1	-0.1	0.77
Far East Growth Fd	47.2	50.7	-0.1	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	102.4	109.8	-1.2	0.34
Prolific Extra Inc	61.6	65.5xd	+0.3	5.81
Prolific Gilt Cap	79.0	83.0	+0.1	3.31
Prolific High Inc	125.7	133.7	+0.1	5.45
Prolific Intl	84.1	90.1	+0.1	1.37
Prolific N. Amer	116.8	125.1	-0.1	1.53
Prolific Spec. Sits	139.1	140.0xd	+0.3	1.70
Prolific Technology	103.6	111.3	+0.3	0.66

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG 01-749 9111

Japan Trust	49.0	51.9	-0.2	0.00
Worldwide	48.1	51.0		1.61
European Trust	47.9	50.7	-0.1	1.69
North American	52.4	55.5	-0.1	2.05
UK Equity	49.3	52.2	+0.2	3.92

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	311.6	333.9	+1.4	1.65
Holborn Gilt Tst.	149.5	156.3	-0.1	9.09
Holborn High Inc	53.2	56.5xd	+0.3	7.45
Holborn Intl.	57.9	61.5	-0.2	0.50
Holborn UK Growth	62.3	66.2	+0.2	3.58

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd.	312.5	332.5		3.55
Quadrant Income	181.2	190.8		6.26
Quadrant Intl. Fund	301.1	317.0	+0.5	1.50
Quadrant Recovery	195.6	205.9		2.80

Reed Stenhouse Inv Services Ltd
145 Borough High St, Lon SE1 1NV 01-628 6011

Wellington Inc	48.3	51.4		6.00
Wellington Growth	100.2	106.6		2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent. 0892 22271

British Life	130.6	138.1	-0.1	4.69
Reliance Unit Tst (Inc)	83.5	89.2	-0.2	4.28
Reliance Ut Tst (Acc)	107.1	115.1	-0.3	4.28

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF. 061-236 5685

Income UT	90.2	96.4xd	-0.3	7.01
International UT	210.7	225.3xd	+0.3	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4. 01-280 5456

NC America (Inc)	231.1	245.3	-0.1	1.36
NC America (Acc)	247.6	260.6	-0.2	1.36
NC Engy Res. Tst.	158.8	107.1	-1.1	2.46
NC Inc Fd.	67.2	70.7xd		5.04
NC Japan Fund	107.0	111.1	+0.8	0.02
NC Smaller Cos	105.2	110.7	+0.1	2.12
NC Smaller European	101.1	106.0	+0.6	0.82
NC Exempt Gilt Tst*	117.0	122.0		11.00
NC American Prop*	11.21	11.80		—
NC Prop.*	185.0	194.8		—

*Unauthorised Unit Trusts.

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA 01-606 1066

American June 13	194.5	198.5		1.54
Securities June 10	515.0	550.0		2.46
High Yield June 21	130.5	134.0xd		5.86
Merlin June 19	258.0	266.0		2.03
Fixed Interest	148.0	149.0		2.89
High Interest	115.5	116.5xd		12.76
Far East June 18	123.0	126.8xd		1.09

Royal Life Fd. Mgmt. Ltd.
New Hall Place, Liverpool L69 3HS 051-227 4422

Equity Trust	46.1	49.0xd		3.21
International Trust	55.7	59.2		1.64

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants., SP10 1PG
0264 62188. Dealings to 0264 63432-3

TSB American	97.0	104.1	+0.1	1.14
Do Accum	100.7	107.2	+0.1	1.19
TSB Extra Income	84.1	90.2	-0.1	6.24
Do Accum	94.4	100.5		6.24
TSB General	116.4	121.8	+0.3	3.40
Do. Accum	185.6	197.4	+0.5	3.40
TSB Gilt & Fxd Int	46.6	48.0	+0.1	9.50
Do. Accum	56.3	58.7	-0.1	9.50
TSB Income	158.4	168.6xd	+0.1	5.02
Do Accum	238.8	254.1	+0.1	5.02
TSB Pacific	105.1	111.9xd	-0.2	1.05
Do Accum	107.8	114.7	-0.2	1.05
TSB International	228.9	243.6		1.40
Do Accum	278.7	296.9	+0.1	1.40
Natural Resources	45.7	48.7	+0.1	2.44
Do. Accum	46.2	49.2	+0.1	2.64
TSB Select. Opps	45.9	48.9	-0.8	2.52
Do. Accum	49.1	52.5	-0.9	2.52

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	66.0	70.6	+0.3	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse Rd, Aylesbury Bks (0296) 5941

American Eagle	67.8	72.5xd	+0.6	0.26
Australia	26.6	28.4		0.10
Commodity	93.0	100.0	-0.1	1.73
Energy	42.4	45.9	+0.4	0.76
Equity	96.6	103.0xd	+0.1	3.85
European Spec. Sits	50.5	54.0	+0.3	0.93
Extra Income	91.6	98.0	-0.2	7.40
Financial	199.7	213.0xd	+0.3	2.89
Gilt Capital	213.7	223.8	-0.2	3.25
Gilt Income	100.0	105.6xd	-0.2	9.07
Gold Income	63.3	67.7	-0.3	2.26
Gold Acc	117.4	122.3	-0.4	2.26
Income	56.6	60.9xd	-0.2	6.15
Japan	43.0	46.7	-0.3	0.10
Malaysia & Singapore	25.5	27.2	+0.1	1.08
Pacific Income	67.8	77.5	+0.2	0.86
Pacific Re Inv	82.1	87.8	+0.1	0.86
Preference Share	15.9	17.2		10.07
Professional	469.2	500.5	-0.5	1.64
Special Sits	83.0	88.8	-0.4	2.42
Technology	40.1	42.9	+0.5	0.10
U.S. Special Bond	49.6	53.0	+0.1	6.40
Worldwide Capital	111.0	119.3	+0.4	1.75
Equity Exempt June 14	620.2	661.3xd		2.48
Equity Ex Acc June 14	1139.4	1215.4		2.48

Temple Bar Unit Trust Mgrs Ltd
Electra Hse, Temple Pl, Vic Emb, WC2. 836 7766

Electra Small Cos. Fd.	125.80	132.72		3.78
High Income	41.6	44.6	+0.1	7.59
North American	106.5	113.3	+1.9	0.68
Recovery	118.0	125.5	-1.1	3.92
Gilt Trust	37.5	38.9xd	-0.1	9.80
St Vincent U S Gwth	70.1	73.3	+1.9	0.82
St. Vincent High Inc	67.4	69.5	-0.3	6.26

Touche, Remnant Unit Trust Mngt, Ltd.
Mermaid Hse, 2 Puddle Dock, EC4. 01-248 1250

TR American Growth	26.1	28.3	-0.2	0.25
TR General Growth	37.1	39.7		2.47
TR Global Tech	27.4	29.2		0.10
TR Income Growth	44.0	47.4	+0.2	5.21
TR Income Monthly	38.9	41.4	+0.1	2.40
TR Overseas Growth	33.1	35.2xd	-0.1	1.78
TR Smaller Cos.	39.4	42.0	-0.2	1.41
TR Special Ops	41.3	44.5	-0.1	1.22

Trades Union Unit Trust Managers
100, Wood Street, EC2. 01-628 8011

TUUT June 1	134.5	141.4		3.59

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colemco June 21	364.6	381.1		4.65
(Accum. Units)	582.2	608.5		4.65
Fielding Fd June 20	189.8	202.8		3.72
(Accum Units)	205.2	220.2		3.72
Fielding Inc June 20	131.1	140.7xd		5.40
Fielding Int&Gen Jun 20	197.7	210.0		2.09
(Accum Units)	222.2	236.1		2.09
S&W American June 19	136.9	144.4		2.28
S & W Smaller Secs.	94.1	99.0		2.00

Tyndall Managers Ltd.(a)(b)(c)
18, Canynge Road, Bristol. 0272 732241

Australian Securities	60.2	64.3xd		0.75
(Accum Units)	62.0	66.4	-0.1	0.75
Capital	258.2	273.8	+0.4	4.14
(Accum. Units)	445.0	472.6	+0.4	4.14
Exempt	219.4	233.8xd	+0.4	7.35
(Accum Units)	475.4	506.4	+0.8	7.35
Far Eastern	118.0	127.7	+2.2	1.02
(Accum Units)	126.2	135.5	+2.3	1.02

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.53	4.57	11.84	[illegible]
7-day Fnd	12.88	9.40	14.03	[illegible]
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fund	12.25	4.16	13.57	6-Mth
7-day Fund	12.31	4.20	13.57	6-Mth
Dollar	6.17	—	—	6-Mth
Money Mngt. Acct.	12.00	—	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	12.25	0.75	11.04	Qtr
Aitken Hume 30 City Road, EC1V 2AV. 01-638 6070				
Treasury Acc	12.375	9.25	11.87	Qtr
Mkt. Int. Chq.	12.25	4.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	11.50	8.59	12.27	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.00	8.875	13.29	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.6444	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.25	9.16	13.89	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Mark	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.25	9.16	13.81	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.50	8.59	12.77	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	13.21	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.10	9.04	13.40	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.77	8.80	13.17	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	12.75	9.53	14.50	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.25	9.15	13.73	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.04	9.00	13.45	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.36	9.24	13.86	Qtr
Money Acc	12.20	9.125	13.68	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc	12.10	4.04	13.70	Mth
Over £10,000	12.35	9.23	14.02	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc	12.63	9.44	13.24	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. ‡ Offered prices include all expenses. b Today's prices. ¶ Yield based on offer price. ‡ Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. $ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp.	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	28
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	20	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brit. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	17½	Charterhall	6
Hawker Sidd	38	Premier	5
Hse of Fraser	38	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	58	Charter Cons.	18
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25		
Marks & Spencer	11	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Nicaragua faces banana price war

By Tim Coone in Managua

NICARAGUA is facing a price war with the major banana transnationals in Europe, according to Dr Alejandro Martinez, Nicaragua's Foreign Trade Minister. He told the Financial Times that during the past week the major multinational companies marketing bananas in Europe had cut prices "by up to DM 10 per box" in order to drive Nicaraguan bananas out of the market.

Nicaragua started selling bananas in Europe at the beginning of May, following the imposition of a U.S. trade embargo against Nicaragua by the Reagan administration. Dr Martinez said that 325,000 boxes of Nicaraguan bananas had been distributed through the port of Ghent in Belgium, at a price ranging between DM 27 and DM 29 per box. He said that the Nicaraguan bananas had been well received in Europe, and the returns to Nicaragua "are at least as good as the returns from the U.S. market." Nicaraguan bananas are being sold in nine Western European countries. Nicaraguan export production is about 4.5m boxes per year.

Dr Martinez added that it was not Nicaragua's wish for a price war, and that Ghent had been chosen as the main distribution point in Europe, where Nicaraguan bananas are unloaded on an exclusive basis, so as to avoid a confrontation with the big transnationals.

Ghent is to become the central pivot in Nicaragua's marketing operations in Europe as a result of the U.S. trade embargo. The weekly chartered reefers which bring the Nicaraguan bananas to Europe are also bringing meat, shellfish, coffee and other fruits such as mangoes. On the return journey they are to carry general cargo from all across Europe back to Nicaragua.

Cereals exports

UK barley exports in the first 14 days of June totalled 104,796 tonnes and wheat 72,722 tonnes, according to the Home Grown Cereals Authority, Reuter reported.

Aluminium market hit by surprise rise in stocks

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM PRICES on the London Metal Exchange yesterday dropped to the lowest level since February 1983 following a big rise in warehouse stocks which took the market completely by surprise. The stocks increase of 26,400 tonnes, raising total holdings to 122,500 tonnes, is thought to be the biggest single weekly rise since the market opened in 1978.

Initially traders could hardly believe their eyes when the weekly stocks figures were announced since aluminium holdings have been gently, but steadily, drifting downwards for a long period and little change in this trend was expected even though the market has been showing distinct signs of weakness recently.

It is understood that a merchant in the U.S. had been holding the surplus stocks for some time. Unable to find a buyer the company evidently lost patience and decided to dump them in LME warehouses. As the market had already been weak there was a fairly limited price reaction yesterday. Cash aluminium fell by £11.25 to £783.75 a tonne. However the three months quotation after touching a low of £802 in early trading rallied to reach £808 on the late kerb.

The increase in copper stocks was considered too small to make much impact on the market, and the rise in lead holdings failed to relieve the scarcity of immediately available supplies.

A shortage of nearby supplies also dominated the tin market, widening still further the gap between the cash and three months prices. Standard grade cash tin gained £110 to £9,795 a tonne while the three months quotation was £2.5 lower at £9,502.5. The buffer stock of the International Tin Council is believed to hold the bulk of immediately available supplies and traders who sold earlier are now having to pay premium prices to cover their "short" positions.

The buffer stock also helped to push up the price of Straits tin in Kuala Lumpur by 15 cents to SM29.75 a kilo when the market reopened there after the long holiday break.

The hefty decline in nickel stocks in the LME warehouses of 1,584 tonnes, reducing total holdings to a lowly 3,738 tonnes, failed to prevent prices easing in line with the firmer trend in the value of sterling against the dollar. It is felt that the reduction in stocks is primarily an attempt by producers to influence the market rather than signal a genuine shortage of supplies.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending June 21)

		tonnes
Aluminium	+26,400	to 122,500
Copper	+1,275	to 108,825
Lead	+575	to 39,950
Nickel	−1,584	to 3,738
Tin	+125	to 22,875
Zinc	−1,875	to 37,700
		ounces
Silver	+316,000	to 50,186,000

Zaire may back diamond cartel

BY PETER BLACKBURN

A NEW diamond marketing agreement is still possible with De Beers Central Selling Organisation (CSO) despite a three-month deadlock in negotiations, according to Mr Bruno Morelli, chief executive officer of Zaire's state-controlled Societe Miniere.

The CSO's two-year exclusive sales contract expired in March and what was expected to be a straightforward roll-over has been held up by a pricing disagreement.

"De Beers price offer was too low, especially as other buyers are prepared to give more," Mr Morelli said. De Beers reportedly offered $7.8 per carat compared with the relatively favourable $8.55 in the old agreement.

The lower price offer reflects a protracted depression in world diamond markets and little prospect of improvement in the foreseeable future.

A Belgian diamond dealer, Evens, is reported to have offered $8.2 per carat but the deal is said to have collapsed due to Zaire's insistence on a five-year contract.

The Zaire diamond mine Miba's last reported sale on April 2 was for 306,000 carats and yielded $2.6m. Last month it sought to sell a consignment of 978,000 carats at an average price of $8 per carat but found no buyers.

Mutual interests make a new agreement between Miba and CSO still possible, according to observers in Kinshasa.

De Beers is offering Miba price stability and guaranteed revenue, and also has the resources to contribute towards badly needed investments, they point out.

Although smaller dealers may be prepared to offer higher prices their ability to guarantee regular payments during an extended period, or to reinvest in Miba, is less certain.

With little improvement foreseen in world diamond markets and a massive build-up expected of competitive industrial diamonds from the Western Australian Argyle project, the timing does not seem opportune for another breakaway from the CSO.

Last year Miba produced 6.9m carats of mainly industrial diamonds which were worth nearly $58m and were an important contribution for a country short of foreign exchange and struggling to respect an IMF austerity programme.

De Beers also needs Zairean output, accounting for about 5 per cent of the value of its annual turnover, in order to regulate supplies and maintain minimum prices. A Zairean defection could encourage other producers to follow and trigger off a collapse in prices which would benefit neither Zaire nor De Beers.

Call for code to halt rainforest destruction

By Maurice Samuelson

THE BRITISH Government and the timber industry are being urged to adopt a code of conduct to prevent the destruction of the world's main rainforest areas through uncontrolled logging operations.

The plea was made yesterday by the London-based Friends of the Earth organisation in a letter to Sir Geoffrey Howe, Foreign Secretary, and to Mr Austen Lockyer, director-general of the UK Timber Trade Federation.

The letters accompanied a report by Friends of the Earth on the destruction of tropical rainforests, describing it as "the most serious environmental threat we have yet had to face."

Describing rainforests as the planet's richest natural resource, containing hardwood timbers, minerals, food crops and many other products, it said they were being destroyed at a rate of more than 200,000 square kilometres a year, an area larger than England, Scotland and Wales.

The report blamed the scale of the destruction not only on the numbers of trees being removed but on the methods used, claiming that as a result of such methods, up to 55 per cent of the trees left behind were irreparably lost.

Appealing to the UK Government to intervene, Friends of the Earth said that in terms of value Britain was the main European importer of tropical hardwoods, ranking third in the world after Japan and the U.S. In volume terms, it was Europe's second largest importer of tropical hardwoods after France, and the world's second largest importer of tropical plywood after the U.S.

In a letter to the Foreign Secretary, Friends of the Earth director Mr Jonathon Porritt said he wanted the Government to introduce a European Trade Directive.

Despite the timber industry's claims to the contrary, logging was a major cause of tropical deforestation, particularly in West Africa and South-east Asia.

Rainforest, by Charles Secrett. (Friends of the Earth, 377 City Road, London EC1). NP.

Farmer's Viewpoint: John Cherrington

Cold shoulder for fat lambs

THIS has been a bad season for the sheep farmer, or at least for this one. First of all the cold weather of March and April restricted pasture growth, then when the rain came in mid-May and the grass began to grow, the lambs had wet coats for about a fortnight and they just refused to thrive.

The result has been that instead of having sent off at least 25 per cent of my lambs fat and ready for the butcher by the end of June, I will have a job to get 10 per cent away. Last year by this date more than 30 per cent had gone. Although for a while last year grass was just as short as it has been this year, there had been a lot of sun, and it is sunshine that fattens lambs.

Fattening though is hardly the correct word these days when every man's hand is against the very word. All the public demands, we are told, is lean meat. But it is impossible to persuade a farm animal to produce a good fleshy carcase unless it also contains a proportion of fat. This applies even if the leaner type animals are used to breed the lambs.

For instance, many years ago my fat lamb sires were what were called the Down breeds, in my case, Hampshire and Dorset Downs. Short blocky sheep with wool on their heads and legs. Their progeny from hill breed ewes with high milking abilities produced carcases very popular with pre-war butchers and also presumably with consumers.

These lambs fattened well on indifferent, often unfertilised, pastures. However when the same cross is grazed on well fertilised modern ryegrass swards they get very fat, especially if they are kept too long and get too big. I still have about 5 per cent of this cross, but they have to be sold very tight before they get too fat.

Until a couple of years ago this did not matter too much because there was no penalty for overfat animals; now they can suffer the loss of the sheepmeat premium. With the premium at present accounting for up to a third of the total return of the animal its loss is a serious matter. All stock for slaughter is graded either on the hoof or in carcase form and the graders seem to be getting increasingly difficult to satisfy. Last year I had a number turned down for being overfat.

This does not seem to be such a problem this year for several reasons. The most important is that my fat lamb sires are now of the Suffolk breed. A bigger and rangier sort of animal which does not lay on so much fat as do the Downs. The trouble this year is that instead of laying on flesh, they have concentrated on growing bigger frames and I have had the greatest difficulty in finding enough of them to make up a load.

I should explain that although my lambs are all graded on the hook they have to be chosen alive by the criteria of weight and conformation. A good, well-fattened lamb still on its mother will kill out at about half its liveweight. But the less the carcase is finished the lower the killing out percentage. So I have to handle the animals to determine the degree of finish.

This is a matter of experience. If the animal has a dock or tail well covered, a firm back without feel of the backbone and shoulderblades well apart, it is time he was sold and will probably grade at 50 per cent. If there is a crack over the rump into which you can push your finger he is probably overfat, although it was the criterion of a fat lamb in my early days. There have not been any of those this year yet.

There is another factor to be considered. In its wisdom the EEC has designed the variable guide price to encourage early marketing and discourage a flood of lambs during the late summer. This means that the price guaranteed is falling at a rate of 6 pence a kilo a week.

The result is that a 17 kilo lamb is losing £1.02 for every week it is kept unless it can put on weight at more than, say, half a kilo a week. Furthermore, all suitable lambs have to be weighed and handled at least every two weeks to make sure they make the best of the price available, which is not a very pleasing task this year as so few meet the standards needed.

But there is a silver lining to every cloud. Next week my main customer holds a competition for the best lamb carcases. I have not done too well in the past few years, mainly because in their prejudice the judges thought my lambs too fat. This time they won't be able to make that judgment, so perhaps I will bring home a cup.

Easier trend continues at tea auctions

BY OUR COMMODITIES STAFF

TEA prices eased again at the London weekly auctions yesterday. The indicative average price for medium quality grade teas was cut to 150p a kilo compared with 155p a week ago and low medium dropped by 6p to 110p. The price of quality teas was unchanged at 205p a kilo.

The London Tea Brokers Association reported that 28,421 packages were offered including 200 in the offshore section. Selected brighter Africans and coloury mediums were firm to dearer, but others were irregular between 5p to 10p cheaper. Medium Ceylons ruled firm with selected best liquoring sorts often substantially dearer. Offshore teas received good enquiry with prices about steady at last week's rates.

Reuter reported from Peking that poor weather in tea growing areas and rising domestic demand have forced China to purchase tea at the Colombo auction in Sri Lanka for the first time for three years.

● WORLD castor oil prices may fall sharply in the coming months due to a glut, the Indian Oils and Produce Exporters Association said, according to Reuter.

India and Brazil, the major producers, expect bumper castor seed crops of 550,000 and 300,000 tonnes respectively in 1985, up from India's 455,000 tonnes last year. No figure on Brazil's crop last year is available.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	783.5-4	−11.25	781
3 months	805.5-6	−3.5	821/808

Official closing (am): Cash 780.5-1 (798-800). three months 802.5-3.0 (812-.5). settlement 781 (800). Final Kerb close: 807-8. Turnover: 9,250 tonnes.

COPPER

Higher grade	Unofficial close	+ or −	High/Low
Cash	1108-9	−5.5	1108
Three months	1122-.5	−4.5	1135-1121

COPPER HIGHER GRADE Official closing (am): Cash 1108-.5 (1117.3), three months 1131-.5 (1130-1), settlement 1108.5 (1118). Final Kerb close: 1121-3.

Cathodes			
Cash	1098-2	−6.5	—
Three months	1108-10	−5.5	—

CATHODES Official closing (am): Cash 1094-0 (1099-102), three months 1110-2 (1116-8), settlement 1096 (1102). Turnover: 10,850 tonnes. U.S. Producer prices 66-70 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	308-.5	+1.25	311/309
3 months	304-.5	−.25	306/304

Official closing (am): Cash 309-10 (312-3), three months 306-.5 (307-.25), settlement 310 (313). Final Kerb close: 303-4. Turnover: 7,600 tonnes. U.S. Spot: 19-31 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	4510-20	−45	4530/4515
3 months	4275-80	−37.5	4385/4275

Official closing (am): Cash 4310-5 (4555-65), three months 4275-80 (4315-20), settlement 4315 (4565). Final Kerb close: 4280-00. Turnover: 510 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	9795-805	+65	9800
3 months	9500-10	—	—

Official closing (am): Cash 9795-805 (9810-30), three months 9510-1 (9530-5), settlement 9805 (9830).

Standard			
Cash	9790-800	+110	9800/9780
3 months	9500-5	−2.5	9520/9490

Official closing (am): Cash 9785-00 (9780-800), three months 9510-1 (9527-3), settlement 9780 (9800). Final Kerb close: 9515-20. Turnover: 1,720 tonnes. Straits tin M$29.75 (29.80) kilo.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	571-2	+1.5	571
3 months	559.5-70	+.75	576/565

Official closing (am): Cash 567-8 (574-5), three months 565-6 (574-5), settlement 569 (575). Final Kerb close: 572-3. Turnover: 6,950 tonnes. U.S.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	June 24 1985	+ or −	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1025/055	−25	$1150/180
Copper			
Cash h Grade	£1108.5	−0.5	£1184.0
3 mths	£1122.25	−4.5	£1188.5
Gold troy oz	$315	+0.25	$314.75
Lead Cash	£308.25	+1.25	£294.20
3 mths	£304.95	−0.25	£300.75
Nickel			
Free Mkt	250/280c	......	250/280c
Palladium oz	$88.50	−0.25	$101.75
Platinum oz	$257.50	−0.46	$268.00
Quicksilver†	$285/295	......	$290/298
Silver troy oz	474.85p	−4.60	486.70p
3 mths	488.80p	−4.35	501.20p
Tin cash	£9795	+110	£9592.5
3 mths	£9502.5	−2.0	£9550.5
Tungsten	$73.74	......	$79.03
Wolfram 22.04lb	$65/60	......	$63/66
Zinc	£571.5	+1.5	£632
3 mths	£562.75	+0.75	£643.0
Producers	$880	......	$930/960

OILS	June 24 1985	+ or −	Month ago
Coconut (Phil)	$575v	......	$660
Palm Malayan	$555u	......	$600
SEEDS			
Copra Phil	$355y	+5	$380
Soyabean (U.S.)	$235.3w	+0.9	$237.5
GRAINS			
Barley Fut. Sept.	£97.00	−0.05	£98.90
Maize	£145.50	......	£146.50
Wheat Fut Sept	£98.05	......	£99.70
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. Sept.	£1396.5	−22.5	£1797
Coffee Ft. Sept.	£2004.5	−50	£2094.5
Cotton A Index	69.75c	+0.05	64.45c
Gas Oil Aug.	$213.75	−0.75	$216.5
Rubber (kilo)	66p	......	63p
Sugar (raw)	$85vu	......	$91
Wooltops 64s	457p kilo	......	477p kilo

‡ Unquoted. u Aug. v June-July. w Sept. y July. z July-Aug. † Per 76 lb flask. c Cents per pound.

INDICES

FINANCIAL TIMES

June 21	June 20	M'th ago	Year ago
280.99	282.31	283.75	301.70

(Base: July 1 1952 = 100)

REUTERS

June 24	June 21	M'th ago	Year ago
1763.3	1769.0	1814.0	1980.1

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
991.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	June 21	June 20	Month ago	Year ago
Spot	118.89	118.97	—	136.60
Fut.	119.10	119.10	—	135.89

(Base: December 31 1974 = 100)

GOLD

Gold rose $¼ to $314¾-315¼ on the London bullion market yesterday. It opened at $313¼-313¾, the lowest level of the day and was fixed at $314.10 in the morning and $314.05 in the afternoon. The metal touched a peak of $315¼-315¾, gaining some support as the dollar weakened on the foreign exchanges during the afternoon.

GOLD BULLION (fine ounce) June 24

Close	$314¾-315¼	(£244¾-245¼)
Opening	$315¼-316¼	(£245½-246)
M'n'g fix	$314.10	(£244.884)
Aft'n'n fix	$314.05	(£244.991)

GOLD AND PLATINUM COINS

Kr'g'rnd	$322½-323¼	(£250¼-250¾)
½ Krug.	$167-167¼	(£129½-130¼)
¼ Krug.	$85-85¾	(£66-66½)
1/10 Krug.	$34¾-35¼	(£27-27¼)
Mapleleaf	$324¾-325½	(£252-252½)
New Sov.	$74¾-76¼	(£58-58½)
½New Sov	$44¼-45½	(£34¾-35¼)
Old Sov.	$75½-77	(£58¾-60)
$20 Eagle	$450-490	(£340-380)
Noble Plat	$275¼-278½	(£215½-218)

SILVER

Silver was fixed 4.6p an ounce lower for spot delivery in the London bullion market yesterday at 474.85p. U.S. cent equivalents of the fixing levels were: spot 610.9c, down 0.4c; three-month 622.1c, up 0.25c; six-month 634.25c, up 0.25c; and 12-month 661.35c, up 0.8c. The metal opened at 477-480p (609-612c) and closed at 475½-478½p (613-615c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	474.85p	−4.60	476.70p	+0.15
3 months	488.80p	−4.35	491.30p	+1.50
6 months	509.40p	−4.70	—	—
12 months	539.70p	−5.15	—	—

LME—Turnover: 41 (121) lots of 10,000 oz.

Cash high/low 476.5, three months high/low 490.

FREIGHT FUTURES

The market was fractionally lower during a very active opening. Good two-way trading existed throughout the remainder of the morning, but the afternoon market fell into a lull until the close, reports Clarkson Wolff. The Baltic Freight Index was 892.5, down 3.5.

	Close	High/Low	Prev.
July	865-860	865-869	865-866
Oct.	887-888	887/883.0	889/890
Jan.	886-887	885/884	889/895
April	930/950	940	930/950
July	910/920	920	915/920
Oct.	970/990	—	970/974
Jan.	960/1010	—	970/1020
April	1000/1050	—	1010/1049

Turnover: 152 (143).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
July	113.75	+1.80	—	—
Sept	98.05	—	97.00	−0.05
Nov	101.50	—	100.90	−0.15
Jan	106.00	—	104.65	−0.10
Mar	108.30	−0.05	107.55	−0.15
May	111.50	−0.05	110.10	−0.15

Business done—Wheat: July 113.75-2.25, Sept 98.05 only, Nov 101.55-1.50, Jan untraded, Mar 108.35-8.30, May 111.55 only. Sales: 44 lots of 100 tonnes. Barley: Sept 97.05 only, Nov 100.00 only, Jan 104.45 only, Mar 107.50-7.40, May 110.25. Sales: 30 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent Jul 140.75, Aug 137.00, Sep 138.15, Oct 142.05 sellers transhipment east coast. U.S. No. 2 soft red winter Jul 125.75, Aug 127.25, Sept 128.50, Oct 129.00 sellers. EC harvest 116 quoted. English feed fob Jun 115.50 seller east coast. Maize: U.S. No. 3 Yellow/French transhipment east coast Jun 146.50 sellers. Rest unquoted.

July wheat rallied on stronger physical demand to close on the day's high. New crops were featureless, reports Muirpace.

RUBBER

The London physical market opened about unchanged, drifted lower throughout the day and closed on a quiet and easier note, reports Lewis and Peat. Closing prices (buyers) spot 66.00p (67.00p); July 66.75p (68.00p); August 66.75p (67.75p). The Kuala Lumpur fob price for RSS No. 1 was 200.0 (same) cents a kg and for SMR 20 was 174.5 (175.0).

COFFEE

During a fairly active session prices fell by over £50 in some contracts as recent support levels were gradually penetrated, reports DRL. Commission house buying prevented heavy losses in the morning but as additional sellers emerged values drifted to finish around the daily lows.

COFFEE	Yesterd'ys Close	+ or −	Business Done
July	1960-64	−46.2	2000-62
Sept	2004-05	−50.0	2048-02
Nov.	2052-54	−50.0	2095-00
Jan	2085-90	−46.5	2133-82
March	2092-07	−38.0	2153-09
May	2110-25	−20.0	2130-15
July	2190-20	−15.0	2130-95

Sales: 5,386 (1,794) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for June 21: Comp. daily 1979 128.63 (130.43); 15-day average 131.89 (131.99).

COCOA

Futures opened weaker, as due, and, following active trade selling, eased to the lows before a rallying slightly. Physicals failed to attract producers or consumers and only very light second-hand interest was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or −	Business Done
July	1733-1765	−17.0	1741-1739
Sept.	1696-1697	−22.5	1718-1692
Dec.	1674-1676	−15.0	1678-1668
Mar.	1691-1696	−9.5	1695-1684
May	1706-1707	−10.0	1706-1706
July	1716-1719	−11.5	1717-1711
Sept	1724-1732	−12.0	1725

Sales: 2,801 (5,619) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for June 24: 92.97 (93.87); five-day average for June 25: 94.13 (94.38).

SUGAR

LONDON DAILY PRICE—Raw sugar $85.00 (£66.00), unchanged (down 50p) a tonne for June-July-August delivery. White sugar $124.50, up 50p.

Prices rose $2 from pre-weekend levels but the market moved on to the defensive when New York quotations failed to match up, reports C. Czarnikow.

No. 6 Contract	Yest'day's close $ per tonne	Previous close	Business done
Aug	88.0-88.4	88.4-88.6	87.8-85.0
Oct	87.6-87.4	88.4-88.5	88.4-86.4
Dec	92.5-92.8	91.4-92.0	92.2
Mar	102.8-102.8	102.0-102.9	104.8-101.4
May	107.8-107.2	106.2-10.75	107.2-107.0
Aug	112.8-113.0	111.8-111.8	113.8-111.4
Oct	116.0-112.4	116.8-116.8	117.8

Sales: 1,524 (1,837) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £187.50 (same) a tonne for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for June 21: Daily price 2.86 (2.01): 15-day average 2.78 (2.75).

SOYABEAN MEAL

The market opened unchanged in lacklustre trade, reports T. C. Roddick. Prices remained at opening levels throughout the day.

	Yesterday close £ per tonne	+ or −	Business Done
August	115.8-115.5	−0.50	—
October	111.6-116.5	−0.05	110.5
Dec	121.8-121.5	−0.25	116.7-116.5
Feb	127.8-127.4	−0.05	—
Apr	128.8-128.5	−0.25	128.5
June	128.6-128.8	—	128.0
August	128.5-131.2	—	—

Sales: 116 (185) lots of 20 tonnes.

OIL

Brent prices hovered around Friday's U.S. closing levels while Gulf grades continued strong. Despite opening 15c down Nymex was trading 8c up for August by 1 pm EST. In the petroleum products market gas oil weakened as recent prompt short-covering demand appeared mainly covered with reports of incoming Russian supplies arriving by the end of the month. The forward positions continued at a $4-6 discount—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—July	Latest	Change + or −
Arab Light	26.80-27.00	+0.175
Arab Heavy	24.85-25.10	+0.125
Dubai	25.48-25.60	+0.275
Brent Blend	28.45-28.58	−0.025
W.T.I. (1pm est)	27.25-27.40	—
Forcados (Nigeria)	26.50-26.40*	—
Urals (cif NWE)	25.25-25.40	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	221-223	—
Gas Oil	219-221	−2
Heavy fuel oil	126-128	—

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or −	Business Done
July	210.50	−0.75	218.25-16.50
Aug	213.75	−0.75	215.50-16.75
Sep	214.25	+1.50	214.50-15.50
Oct	214.75	+0.25	215.50-14.25
Nov	215.50	−0.50	215.50
Dec	212.00	+0.50	—
Jan	218.50	−1.25	—

Turnover: 989 (1,112) lots of 100 tonnes.

POTATOES

Strong price rises in the physical market, following wet weekend weather, lifted futures sharply during early business. Late profit-taking trimmed values which nevertheless closed firm, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	56.50	53.50	54.50-53.50
Feb	79.20	71.50	73.20-75.80
Apr	82.80	80.80	84.00-82.70
May	88.50	86.80	88.50-87.50

Sales: 636 (844) lots of 40 tonnes.

PIGMEAT

Physicals remained steady, but there was little incentive to take fresh positions on the futures, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Aug	103.60	103.90	103.70-103.40
Oct	107.50	107.60	—
Nov	107.70	107.70	107.60
Feb	99.60	99.60	—
April	99.70	99.60	—
June	98.50	99.00	—

Sales: 21 (8) lots of 50 carcases, 3,250 kg.

MEAT

SMITHFIELD (Pence per pound). Beef—Scotch killed sides 75.0 to 81.0; English hindquarters 94.5 to 98.0, forequarters 52.0 to 58.0; Ulster hindquarters 89.0 to 94.0. Veal—Dutch hinds and ends 137.0 to 141.0. Lamb—English small 70.0 to 78.0, medium 72.0 to 76.0, heavy 70.0 to 72.0; Imported: New Zealand PL 65.0 to 66.0, PX 65.0 to 66.0. Pork—English under 100 lb 47.0 to 66.0, 100-120 lb 51.0 to 56.0, 120-160 lb 43.0 to 49.0.

MEAT COMMISSION—Average fatstock prices at representative markets GB—Cattle 98.57p per kg lw (−0.65). GB—Sheep 154.48p per kg est dcw (−28.51). GB—Pigs 83.23p per kg lw (+0.73).

U.S. MARKETS

IN DULL TRADE gold and silver attracted light support in response to continuing concerns over U.S. banking problems, reports Heinold Commodities. Copper and Aluminium were under modest selling pressure from the unexpected build-up in LME stocks. Sugar firmed on scattered concern that spot supplies could tighten due to tolling arrangements and reports of the deferring of shipments to 1986. Cocoa lost ground from technical selling. Coffee remained weak on the good availability of nearby supplies. Cotton moved higher on a better than expected rate of mill consumption in May and a lack of trade selling. Good moisture over the weekend resulted in lower openings for maize and soyabeans, while wheat was mixed on fears of further harvest delays. As currencies began to rally, short-covering in the grains carried maize and soyabeans to slightly higher levels. Wheat closed marginally lower on a late wave of hedging. Nearby soya oil firmed up on a lighter than anticipated crush. Heating oil weakened late in the day on renewed indications that non-Opec production may be stepped up.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	44.00	—	—	44.15
July	44.05	44.20	43.75	44.25
Aug	44.40	—	—	44.55
Sept	44.75	44.85	44.40	44.90
Dec	45.75	45.90	45.40	45.90
Jan	46.05	—	—	46.20
March	46.75	—	—	46.90
May	47.40	—	—	47.55
July	48.05	47.85	47.85	48.20
Sept	48.70	—	—	48.85

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1982	2005	1980	1994
Sept	1968	1985	1963	1978
Dec	1953	1970	1951	1966
Mar	1968	1980	1967	1970
May	1987	—	—	1989
July	2004	—	—	2006

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
July	139.86	141.10	139.55	141.10
Sept	142.01	143.36	142.00	143.15
Dec	143.38	144.85	143.30	144.87
March	143.00	144.50	143.30	144.50
May	143.00	143.00	142.85	144.50
July	142.00	142.50	142.35	142.63

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
June	60.30	—	—	60.45
July	60.35	60.40	60.05	60.55
Aug	60.60	—	—	61.00
Sept	61.25	61.25	60.95	61.45
Dec	62.30	62.40	62.00	62.60
Jan	62.60	—	—	62.75
March	63.15	63.10	62.85	63.25
May	63.60	63.55	63.50	63.70
July	64.05	63.95	63.85	64.15
Sept	64.55	64.35	64.35	64.55

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
July	61.34	61.48	60.40	60.32
Oct	61.25	61.45	60.85	60.87
Dec	61.76	61.90	60.95	61.06
March	62.86	62.90	62.01	62.10
May	62.95	63.10	62.40	62.37
July	62.95	63.00	62.40	62.38
Oct	59.08	59.16	59.00	58.00
Dec	58.45	58.50	58.13	58.13

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Aug	26.86	27.02	25.77	26.82
Sept	25.27	26.42	25.16	25.25
Oct	25.89	26.00	25.75	25.80
Nov	25.52	25.61	25.52	25.43
Dec	25.23	25.30	25.11	25.20
Jan	24.93	24.99	24.80	24.92
Feb	24.73	24.80	24.80	24.73
March	24.00	—	—	24.57

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
June	315.5	316.0	313.5	314.2
July	316.2	—	—	314.9
Aug	317.9	319.0	315.3	315.6
Oct	321.6	322.4	319.5	320.2
Dec	326.0	326.5	323.3	324.2
Feb	329.8	329.5	328.5	328.8
April	334.1	334.6	334.3	332.5
June	338.3	337.1	337.1	337.2
Aug	343.8	—	—	342.0
Oct	348.9	—	—	347.0
Dec	353.9	—	—	351.9
Feb	359.3	—	—	357.2
April	364.5	—	—	362.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
July	69.30	70.80	69.25	69.90
Aug	68.45	69.50	68.40	69.30
Sept	69.05	69.80	69.00	69.53
Oct	69.80	70.55	69.75	70.01
Nov	70.65	71.20	70.20	70.50
Dec	71.30	71.80	71.10	71.20
Jan	71.85	72.10	71.70	71.86
Feb	71.60	71.00	71.80	71.35

ORANGE JUICE 15,000 lbs, cents/lbs

	Close	High	Low	Prev.
July	140.35	141.00	140.30	141.05
Sept	136.20	137.00	135.90	137.25
Nov	133.80	134.00	133.00	134.95
Jan	132.00	134.00	133.00	133.86
Mar	133.10	133.50	133.00	134.15
May	133.10	—	—	134.16
July	133.10	—	—	134.15
Sept	133.10	—	—	134.15
Nov	133.10	—	—	134.15

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
June	267.1	—	—	266.6
July	268.0	269.0	264.0	267.7
Oct	272.2	273.6	269.0	271.9
Jan	277.2	277.5	275.3	276.8
April	282.3	282.6	280.0	281.3
July	288.2	—	—	287.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
June	619.5	616.0	615.0	612.8
July	614.5	613.5	611.5	613.5
Aug	615.1	613.0	618.0	617.0
Sept	622.7	626.5	610.0	621.0
Dec	635.0	639.6	631.0	633.4
Jan	639.5	—	—	637.7
March	647.8	652.0	645.0	645.8
May	656.8	—	—	654.0
July	666.2	670.0	665.0	664.1
Sept	676.9	675.0	676.0	674.4

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	2.71	2.82	2.75	2.71
Sept	2.70	2.85	2.80	2.78
Oct	2.86	2.92	2.00	2.82
Jan	3.10	3.15	3.03	3.09
March	3.63	3.54	3.47	3.49
May	3.71	3.75	3.70	3.71
July	3.90	3.63	3.85	3.91
Sept	4.02	4.64	4.00	4.04
Oct	4.20	4.22	4.13	4.16

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Aug	57.00	58.45	57.00	59.40
Oct	59.52	60.35	59.52	61.02
Dec	61.30	61.80	60.85	62.27
Feb	62.00	62.50	61.82	63.12
April	63.20	63.60	62.65	64.05
June	63.65	64.00	63.40	64.50

LIVE HOGS 30,000 lbs, cents/lbs

	Close	High	Low	Prev
July	48.62	49.67	48.40	49.40
Aug	47.60	47.80	45.67	48.02
Oct	44.75	45.40	44.27	45.77
Dec	47.02	47.50	48.10	47.80
Feb	48.30	48.85	47.66	48.80
April	45.20	45.45	44.95	45.25
June	47.40	47.50	46.00	47.75
July	48.30	48.50	47.80	48.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
July	272.6	274.0	272.4	274.0
Sept	259.0	259.2	257.2	258.4
Dec	254.4	255.0	252.2	253.2
March	263.6	264.0	261.4	262.4
May	267.6	267.0	265.4	266.3
July	267.4	267.6	265.6	266.0
Sept	251.4	251.6	249.6	249.6

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
July	64.45	64.45	64.45	66.45
Aug	63.80	63.80	63.80	65.80
Feb	70.95	72.30	70.95	72.95
March	70.87	70.00	70.77	72.77
May	71.95	71.95	71.95	73.95
July	71.95	71.65	71.65	73.95
Aug	70.80	71.00	70.95	—

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	575.4	576.0	568.4	573.6
Aug	571.3	571.4	568.0	569.4
Sept	564.6	565.4	559.0	562.4
Nov	568.4	569.0	562.4	568.0
Jan	578.2	578.4	572.4	576.0
Mar	588.4	588.4	582.4	586.0
May	596.4	596.4	590.0	594.0
July	602.0	602.0	597.4	595.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	122.6	123.0	122.1	123.0
Aug	125.8	125.9	124.8	125.8
Sept	128.4	128.4	127.2	128.4
Oct	130.7	130.8	129.7	130.4
Dec	135.9	136.0	134.6	136.0
Jan	138.3	138.6	137.5	137.5
March	142.6	143.3	142.5	142.2
May	147.0	147.2	147.0	146.5
July	151.5	—	—	150.8

SOYABEAN OIL 60,000 lbs, cents/lbs

	Close	High	Low	Prev
July	29.92	29.95	29.40	29.68
Aug	28.92	29.00	28.35	25.10
Sept	27.98	28.00	27.65	27.87
Oct	27.10	27.15	26.75	26.85
Dec	26.22	26.30	25.86	25.13
Jan	25.73	25.85	25.60	25.10
Mar	25.45	25.80	25.30	25.45
May	25.20	25.30	25.10	25.17
July	24.75	24.85	24.75	24.73
Aug	24.47	—	—	24.43

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
July	324.2	326.0	324.0	326.4
Sept	325.3	327.3	325.3	327.4
Dec	331.0	332.2	330.6	332.3
March	330.4	331.0	329.8	331.0
May	319.0	322.0	318.4	320.0
July	303.4	304.0	303.0	303.6

SPOT PRICES—Chicago loose lard 19.25 (same) cents per pound. New York tin 567.0-80.0 (565.0-76.0) cents per pound. Handy and Harman silver bullion 614.5 (same) cents per troy ounce.

OTHER MARKETS

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter afloat 140, July 143.50, Aug 145, Sept 146, Oct 147 sellers. U.S. two northern spring 14 per cent protein spot 175, July 165.50, Aug 160, Sept 160.50, Oct 165, Nov 166 sellers. U.S. northern spring 15 per cent protein July 171, Aug 171, Sept 171.50, Oct 176, Nov 177 sellers. U.S. three hard amber durum June 176, July 168, Aug 166, Sept 162, Oct 166, Nov 170.50 sellers. Canadian one western amber durum afloat 176, July 79, July/Aug 78.50, Aug 78, Aug/Sept 71.50, Sept 74 sellers.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 128.50, June 228.50, July 128, Aug 126.25, Sept 123.75, Oct/Dec 122.25, Jan/March 125.75 sellers. Argentine Plate afloat 131, June 134, July 134, Aug 135 sellers.

PARIS

SUGAR—(FFr per tonne): Aug 1174/1177, Oct 1194/1195, Dec 1206/1215, Mar 1240/1242, May 1280/1295, Aug 1342/1355.

COCOA—(FFr per 100 kg): Jul 2000/2100, Sep 1984/1996, Dec 1960/1965, Mar 1980/1995, May 1990 bid, July 1985 bid, Sep 2000 bid.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 540, 542, 542-541; Oct 540, 541, 543-542; Dec 540, 541, 543-542; Jan 540, 542, 542-541; Mar 549, 551, 550; May 556, 558, 558-556; Aug 569, 571, 570; Oct 569, 571, nil; Dec 567, 572, 570. Sales: 100.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 165 tonnes. Fair offtake occurred with renewed interest in Sudan and West African qualities.

CURRENCIES, MONEY and CAPITAL MARKET

FOREIGN EXCHANGES

Dollar & pound little changed

The dollar closed slightly higher on balance, after a very quiet day's trading in Europe. The U.S. currency opened firm, touching a higher of DM 3.0885 in early trading, but then drifted down and held steady around DM 3.0725 for most of the day. Last week's higher than expected rise of 3.1 per cent in second quarter U.S. gross national product, according to the flash estimate, has left the market with little to go for. The present growth rate is not particularly encouraging, but at the same time is not as low as feared, and despite earlier speculation, dealers were not surprised when the Federal Reserve did not cut its discount rate on Friday. A quiet week appears to be in prospect, although a U.S. Treasury refunding programme and month end factors, as well as a higher Federal funds rate in New York, may help to underpin the dollar. Economic figures due for release include durable goods orders today and leading indicators and merchandise trade on Friday, but these are not expected to move the dollar outside its recent relatively narrow trading range.

The dollar rose to DM 3.0705 from DM 3.0645; FFr 9.3525 from FFr 9.3450; SwFr 2.5650 from SwFr 2.5625; and Y248.80 from Y248.10. On Bank of England figures the dollar's index fell to 145.0 from 145.1.

STERLING — Trading range against the dollar in 1985 is 1.3070 to 1.0525. May average 1.2517. Exchange rate index rose 0.3 to 80.3, after opening unchanged at the lowest level of the day, and rising to a peak of 80.5 at 2 pm.

Sterling remains supported by high London interest rates, and despite losing a little ground to the dollar closed stronger on balance against major currencies. Recent trends in the London money market have given no hint of an early reduction in bank base rates, particularly in the light of nervousness about the next money supply figures due on July 9. The pound fell 10 points to $1.2860-$1.2870, but improved to DM 3.95 from DM 3.9450; FFr 12.0450 from FFr 12.0350 and Y320.25 from Y319.50, while holding steady at SwFr 3.3025.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. May average 3.1024. Exchange rate index 121.7 against 120.5 six months ago.

The D-mark finished little changed against the dollar, recovering from a weaker trend in early trading. There was little reaction to a higher Federal funds rate in New York or softer money market rates in Frankfurt. The Bundesbank's injection of liquidity through a securities repurchase agreement brought call money rates down as low as 5.35 per cent from 5.50 per cent on Friday, but the German central bank's room for manoeuvre is seen as limited by the failure of the U.S. Federal Reserve to cut its discount rate last week. The dollar rose to DM 3.0730 at the Frankfurt close from DM 3.0710 on Friday. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 3.0730, against DM 3.0844 on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu June 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc ...	44.9008	45.2899	+0.87	+1.03	±1.5471
Danish krone ...	8.14104	8.07083	−0.86	−0.70	±1.6419
German D-mark	2.24184	2.24799	+0.27	+0.43	±1.1475
French franc	6.87456	6.84970	−0.36	−0.20	±1.3669
Dutch guilder ...	2.52595	2.53404	+0.32	+2.48	±1.5171
Irish punt	2.72569	2.717685	−1.12	−0.96	±1.6673
Italian lira	1403.49	1434.29	+2.18	+2.18	±4.0412

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	June 24	Previous
8.30 am	80.0	79.9
9.00 am	80.2	79.9
10.00 am	80.3	80.0
11.00 am	80.4	79.9
Noon	80.4	79.8
1.00 pm	80.4	79.8
2.00 pm	80.5	79.9
3.00 pm	80.2	79.9
4.00 pm	80.3	80.0

£ IN NEW YORK

	June 24	Prev. close
£ Spot	$1.2870-1.2880	$1.2960-1.2870
1 month	0.5-0.50 pm	0.55-0.64 pm
3 months	1.46-1.41 pm	1.46-1.47 pm
12 months	3.93-3.78 pm	4.19-4.05 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2745-1.2900	1.2860-1.2870	2.53-0.50c pm	4.80	1.46-1.41pm	4.46
Canada	1.7440-1.7610	1.7570-1.7600	0.41-0.35c pm	2.59	1.19-1.11pm	2.62
Nethlnd.	4.43¼-4.46¼	4.45-4.46†	2¼-2c pm	2.72	6¼-6pm	5.58
Belgium	79.26-79.75	79.50-79.90	29-24c pm	4.00	80-71pm	2.80
Denmark	14.14-14.19½	14.16¾-14.17¾	3¼-2¾ore pm	2.75	9⅞-8⅞pm	2.63
Ireland	1.2570-1.2640	1.2580-1.2590	0.22-0.05p pm	1.29	0.45-0.25pm	1.18
W. Ger.	3.93¼-3.95¾	3.94½-3.95½	2¼-2⅛pf pm	8.84	6⅞-6⅝pm	6.77
Portugal	221½-228¼	223-226	220-910c dis	−22.18	565-1535d	−18.71
Spain	225½-226½	225½-226	25-55c dis	−2.13	150-200dis	−2.16
Italy	2,509¾-2,525¾	2,517-2,518	par-4lire dis	−0.95	7-12dis	−1.51
Norway	11.29½-11.38	11.35-11.36	¼om pm-⅛ dis	−0.26	¼pm-⅛dis	−0.11
France	11.99½-12.06	12.04-12.05†	2¼-2c pm	2.30	6¼-6⅛pm	1.97
Sweden	11.33¾-11.39	11.36½-11.37½	3¼-3⅞ore dis	−3.79	10½-11½dis	−3.91
Japan	317¾-320¾	316¾-320¾	1.75-1.65y pm	8.37	4.90-4.75pm	8.03
Austria	27.70-27.78	27.71-27.78	14½-13gro pm	5.95	40½-36½pm	8.55
Switz.	3.28½-3.30¾	3.29¾-3.30¾	2-1¾c pm	9.81	5⅞-5½c pm	8.89

Belgian rate is for convertible francs. Financial franc 79.90-80.00. Six-month forward dollar 2.45-2.40c pm. 12-month 3.95-3.80c pm. †Corrections (June 21)—Netherlands 4.44½-4.45½ and France 12.03-12.04

DOLLAR SPOT—FORWARD AGAINST DOLLAR

June 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2745-1.2900	1.2860-1.2870	2.53-0.50c pm	4.80	1.46-1.41pm	4.46
Ireland†	1.0135-1.0230	1.0202-1.0210	2.35-0.25c pm	3.53	0.90-0.80pm	3.33
Canada	1.3648-1.3698	1.3682-1.3686	2.23-0.28c dis	−2.15	0.63-0.68dis	−1.92
Nethlnd.	3.4530-3.4825	3.4595-3.4605	2.24-0.21c pm	0.78	2.89-0.86pm	1.91
Belgium	61.70-62.25	61.75-61.85	5½-6½c dis	−1.18	16-18½dis	−1.11
Denmark	10.98½-11.02¼	11.00¾-11.01¼	1½-2om dis	−1.90	4-4½dis	−1.54
W. Ger.	3.0610-1.0885	3.0700-3.0710	2.55-0.50pf pm	2.05	1.72-1.67pm	2.20
Portugal	175-177¼	175½-177	250-550c dis	−27.21	650-1400d	−23.33
Spain	175.20-176.75	175.35-175.50	95-110c dis	−8.98	315-350dis	−1.56
Italy	1,953¾-1,970½	1,956½-1,957½	10-10½lira dis	−8.35	31-31½dis	−6.40
Norway	8.81-8.85¼	8.81¾-8.82¼	3¼-3½ore dis	−4.76	10-10½dis	−4.64
France	9.33-9.41½	9.35-9.35½	1.97-2.07c dis	−2.59	6.05-6.35dis	−2.65
Sweden	8.83-8.88½	8.83½-8.84	6½-7ore dis	−9.15	19½-20dis	−8.32
Japan	248.40-249.25	248.75-248.85	0.33-0.29y pm	1.50	1.01-0.96pm	1.58
Austria	21.54-21.70¼	21.54-21.56	2-1½gro pm	2.97	6½-4pm	6.97
Switz.	2.5570-2.5800	2.5645-2.5655	2.48-0.42c pm	2.10	1.57-1.51pm	2.40

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 61.10-62.20.

OTHER CURRENCIES

June 24	£	$		£ Note Rates
Argentina Austl.	1.1-1.05	0.79-0.81	Austria	27.60-27.90
Australia Dollar	1.8382-1.9310	1.2025-1.5052	Belgium	79.50-80.32
Brazil Cruzeiro	7,594-7,556	5,860-2,880	Denmark	14.09-14.23
Finland Markka	8.1920-8.2110	6.5765-6.3785	France	11.96-12.07
Greek Drachma	175.29-177.86	135.77-138.92	Germany	3.92-3.96
Hong Kong Dollar	9.9800-9.9900	7.7670-7.7690	Italy	2492-2540
Iran Rial	119.50*	92.95*	Japan	319-323
Kuwait Dinar (KD)	0.3894-0.3898	0.30295-0.30295	Netherlands	4.43-4.47
Luxembourg Fr	79.50-79.60	61.15-61.95	Norway	11.27-11.38
Malaysia Dollar	3.1760-3.1800	2.4700-2.4120	Portugal	218-233
New Zealand Dlr.	2.7340-2.1420	2.1215-2.1325†	Spain	219-228
Saudi Arab Riyal	4.6948-4.6985	3.6503-3.6508	Sweden	11.30-11.40
Singapore Dollar	2.8760-2.8830	2.2400-2.2420	Switzerland	3.28-3.31
Sth African Rand	2.2260-2.5400	1.9695-1.9735	United States	1.21½-1.29½
U.A.E. Dirham	4.7221-4.7271	3.6720-3.8150	Yugoslavia	360-370

* Selling rate.

* Selling rate. † Correction (June 21): NZ$-U.S.$ was 2.1413-2.1445.

CURRENCY MOVEMENTS

June 24	Bank of England Index	Morgan Guaranty Change %
Sterling	80.5	−8.1
U.S. dollar	145.0	+50.4
Canadian dollar	87.6	−2.5
Austrian schilling	119.1	+3.3
Belgian franc	89.3	−11.1
Danish Kroner	77.4	−6.0
Deutsche mark	131.1	+9.4
Swiss franc	140.4	+8.1
Guilder	112.3	+9.9
French franc	65.0	−15.5
Lira	46.4	−11.2
Yen	156.9	+12.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

June 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.776987	0.568376
U.S. $	7½	0.996595	0.751319
Canadian $	9.57	*	0.996334
Austria Sch.	4½	21.5284	15.8216
Belgian Fr.	9¼	61.7589	45.2899
Danish Kr.	7	12.9924	8.07083
D'mark	4½	3.06263	2.24799
Guilder	5½	3.45419	2.53404
French Fr	9½	9.33658	6.84970
Lira	15½	1958.99	1434.29
Yen	5	241.703	181.964
Norway Kr.	8	8.79742	6.46338
Span'h Pta.	—	175.115	128.585
Swedish Kr.	11.5	8.91337	6.47218
Swiss Fr.	4	2.56945	1.87865
Greek Dr'ch	20½	135.906	99.8281
Irish Punt	13¾	N/A	0.717580

* C$/SDR rate for June 21: 1.36926

EXCHANGE CROSS RATES

June 24	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.287	3.960	320.3	12.05	3.303	4.468	2518.	1.759	79.55
U.S. Dollar	0.777	1.	3.071	248.8	9.353	2.565	3.46	1957.	1.467	61.80
Deutschemark	0.253	0.326	1.	81.08	3.048	0.839	1.128	631.5	0.445	20.14
Japanese Yen 1,000	3.123	4.017	12.33	1000.	37.21	12.31	13.91	1863.	6.491	248.4
French Franc 10	0.832	1.068	3.279	265.9	10.	2.142	3.699	2090.	1.460	66.04
Swiss Franc	0.303	0.392	1.196	96.97	3.647	1.	1.340	722.5	0.532	24.09
Dutch Guilder	0.224	0.289	0.887	71.89	2.704	0.741	1.	563.2	0.395	17.86
Italian Lira 1,000	0.397	0.511	1.528	127.2	4.784	1.310	1.769	1000.	0.698	31.59
Canadian Dollar	0.569	0.732	2.246	182.1	6.850	1.878	2.533	1432	1.	45.24
Belgian Franc 100	1.251	1.611	4.965	409.2	15.14	4.151	2.600	3165.	2.211	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

June 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12¼-12½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9½-10
7 days' notice	12⅝-13⅛	7½-7⅝	8⅝-8⅞	6⅛-6⅝	15½-15¾	5½-5⅝	12⅛-12¼	13½-14½	8⅝-8⅞	8⅝-8⅞	6¼-6⅝	9½-10
Month	12½-12¾	7⅝-7¾	9⅛-8⅞	6¾-6⅞	5⅛-5¼	6½-6⅝	12⅛-12⅝	13¾-14¼	8⅝-8⅞	8⅝-8⅞	6¼-6⅝	9⅝-9⅞
Three months	12⅛-12⅜	7⅞-7⅞	9⅛-9¾	6⅞-6¾	5⅛-5¼	5½-5⅝	12⅝-12⅞	13⅞-14¼	8⅝-8⅞	8⅝-8⅞	6¼-6⅝	9¼-9¾
Six months	12⅛-12¼	8⅛-8¼	9⅝-9¾	6⅝-6¾	5⅛-5¼	5½-5⅝	10⅞-10⅞	14-14⅛	8⅝-9	8⅝-8⅞	6¼-6⅝	9¼-9¾
One year	12-12⅛	8½-8⅝	9⅛-10	6⅛-6⅜	5¼-5⅜	5⅝-5¾	11-11⅛	14½-14⅞	9-9⅜	9-9¼	6⅛-6⅝	9⅝-9⅞

Asian $ (closing rates in Singapore). Short-term 7⅝-7¾ per cent; seven days 7½-7⅝ per cent; one month 7⅝-7¾ per cent; three month 7¾-7⅞ per cent; nine months 7⅞-8⅛ per cent; one year 8⅛-8⅜ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 9¾-9⅞ per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Eurodollars fall

Eurodollar prices fell in the London International Financial Futures Exchange yesterday in rather thin and nervous trading. The September contract opened at 91.76, down from 91.81 on Friday and eased to 91.70 as selling developed. After Chicago entered the market values fell further to a low of 91.62 but recovered later in the day on short covering to finish at 91.69.

There remained a conflict of views on the possibility of another cut in the U.S. discount rate but many were agreed that the timing of such a move has been delayed. In addition the market has to cope with this week's $17bn Treasury mini-refunding package and there is also unlikely to be much renewed enthusiasm ahead of Friday's U.S. leading economic indicators.

Sterling based instruments were generally confined to a narrow range in very dull trading. Three-month sterling deposits reflected a static cash market and sterling's steady performance while gilt prices seemed little affected in the afternoon by a weaker trend in U.S. Treasury bonds. Trading seems destined to remain fairly quiet, in the absence of any external factors, until next week's Opec meeting is out of the way.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	91.69	91.76	91.62	91.81
Dec	91.20	91.26	91.14	91.32
March	90.80	90.86	90.74	90.92
June	90.46	90.50	90.46	90.58
Sept	90.16	—	—	90.28

Est volume 7,120 (7,081)
Previous day's open int 17,840 (16,497)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.34	88.35	88.30	88.36
Dec	88.75	88.79	88.73	88.79
March	88.82	88.86	88.79	88.84
June	88.87	—	—	88.90
Sept	89.00	—	—	89.00

Est volume 854 (1,858)
Previous day's open int 6,157 (7,367)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-22	106-24	106-20	106-21
Sept	110-11	110-16	110-06	110-11
Dec	110-26	—	—	110-26
March	111-02	—	—	110-02

Est volume 878 (1,234)
Previous day's open int 2,926 (3,923)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −25 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.2730	1.2755	1.2695	1.2700
Dec	1.2620	—	—	1.2580
March	1.2545	—	—	1.2505

Est volume 32 (478)
Previous day's open int 4,351 (9,888)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	2.3272	2.3278	0.3269	2.3276
Dec	2.3299	—	—	0.3298

Est volume 236 (547)
Previous day's open int 252 (236)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	2.3912	0.3918	0.3912	0.3926

Est volume 100 (nil)
Previous day's open int 182 (179)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4033	0.4032	2.4027	2.4039

Est volume 206 (200)
Previous day's open int 266 (149)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	126.70	127.35	126.70	126.60
Sept	128.95	127.80	126.96	127.00

Est volume 12,127 (14,430)
Previous day's open int 35,827 (1,564)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	75-22	78-04	75-14	76-00
Dec	74-22	74-18	74-16	74-31
March	73-22	—	—	73-31

Est volume 2,718 (2,664)
Previous day's open int 2,063 (2,191)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-24	75-25	75-12	76-04
Dec	74-23	74-26	74-12	75-03
March	73-25	73-26	73-15	74-05
June	—	—	69-27	70-07
Sept	—	72-03	71-29	72-14
Dec	—	71-10	71-00	71-21
March	—	—	—	70-29
June	—	—	69-27	70-07
Dec	—	—	—	69-21
March	—	—	—	68-18

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	92.67	92.88	92.59	92.70
Dec	—	92.31	92.25	92.35
March	91.95	91.98	91.93	92.02
June	—	91.65	91.65	91.74
Sept	—	91.48	91.43	91.51
Dec	—	91.29	91.19	91.30
March	1.01	—	91.01	91.13
June	.83	90.89	90.83	90.96

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.50	92.50	92.50	92.55
Sept	91.98	92.02	91.89	92.08
Dec	—	91.51	91.47	91.91
March	1.11	—	91.11	91.21

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	91.68	91.72	91.60	91.77
Dec	91.20	91.25	91.12	91.29
March	—	90.90	90.72	90.89
June	—	90.51	90.39	90.56
Sept	90.14	90.20	90.11	90.28
Dec	—	89.89	89.84	90.02
March	—	89.64	89.56	89.77
June	9.44	—	89.44	89.54

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.2790	1.2770	1.2690	1.2730
Dec	—	1.2670	1.2600	1.2625
March	—	—	—	1.2250
June	—	1.2500	—	1.2475
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	—	74-25	74-12	75-03
Dec	—	74-00	73-28	74-11
June	—	—	—	73-10
Sept	—	72-23	72-23	72-30

MONEY MARKETS

UK rates show small changes

Interest rates were little changed in London yesterday in rather quiet and featureless trading. Sterling showed a slightly better tone but there was still some concern over next month's Opec meeting and UK money supply. Three-month interbank finished at 12¼ per cent, unchanged from Friday while three-month eligible bank bills were bid at 12 per cent compared with 11 31/32 per cent. Overnight interbank money traded around 12⅝ per cent before reaching a peak of 14-15 per cent towards the close.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,150m and Exchequer transactions a further £750m. These were partly offset by a fall in the note circulation of £250m and banks' balances brought forward £40m above target. In addition £820m was due to come into the market through the latest gilt/export credit repurchase facilities.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £18m and comprised purchases of eligible bank bills in band 2 (15-33 days) at 12¼ per cent. The forecast was later revised to a shortage of around £800m. At the same time the Bank pointed out a revision in the call arrangements on the British Telecom share issue and postponed yesterday's gilts export credit facility until today to coincide with the expected outflow of funds.

The Bank gave additional help in the morning of £243m, comprising purchases of £10m of Treasury bills in band 1 (up to 14 days) at 12⅜ per cent and in band 2 £2m of local authority bills and £160m of eligible bank bills at 12¼ per cent. In band 3 (34-63 days) it bought £31m of eligible bank bills at 12⅛ per cent and in band 4 (64-91 days), £1m of Treasury bills and £39m of eligible bank bills all at 12 per cent.

In the afternoon it gave further help of £257m through purchases of eligible bank bills, £27m in band 1 at 12⅜ per cent, £177m in band 2 at 12¼ per cent, £31m in band 3 at 12⅛ per cent and £22m in band 4 at 12 per cent. Late assistance came to £105m, making a total of £623m.

UK clearing banks base lending rate 12½ per cent since June 12

FT LONDON INTERBANK FIXING

(11.00 a.m. June 24)

3 months U.S. dollars

bid 7 3/4 offer 7 7/8

6 months U.S. dollars

bid 8 offer 8 1/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

June 24	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.35-5.45	10¼	1⅝-1⅝	5⅞-7	6.09575	14⅞-12¼	9.12	11¾-12
One month	5.40-5.55	10 3/16-10 5/16	5⅜-5½	5 11/16-6 1/16	6.25182	14¼-14⅝	8⅝-8⅞	11¾-12
Two months	5.60-5.65	10 5/16-10 7/16	—	—	—	—	—	11¾-12
Three months	5.52-5.70	10¼-10⅜	5¼-2⅜	6 3/16-6 5/16	9.28125	14⅞-12¼	8⅝-8⅞	11¾-12
Six months	5.8-5.72	12⅜-10½	—	6 3/16-6 5/16	—	—	8⅝-8⅞	11¾-12
Lombard	5.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	9⅝	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

June 24 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12⅝-15	12⅝	12¾-12⅞	12⅝-13	—	—	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅝-12¾	12⅞	12½-12⅝	—	—	—	—	—
One month	12 5/16-12 3/16	12⅝-12¼	12-12⅛	12⅞	12⅝	12⅜	12¼	12⅜	12¼	12⅝
Two months	12 5/16-12 3/16	12½-12⅜	12½	12⅝	12⅛	12⅛	12	12⅛	12 3/32	12⅝
Three months	12 5/16-12 3/16	12 7/16-12 5/16	12⅜	12⅝	11⅞	11 31/32	11⅞	12	11 31/32	12⅛
Six months	12 11/16	12⅛-12¼	12⅛	—	—	—	—	11⅞	11⅞	12⅛
Nine months	11 15/16-11 13/16	12-12 1/16	—	—	—	—	—	—	—	—
One year	11 15/16-11 13/16	12-12⅛	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12-12⅞	—	12⅝	7.5-7.6	7 3/16-7 5/16	9 3/16-9 5/16
Two months	12⅞-12⅝	—	12⅛	7.55-7.65	7¾-8	9 3/16-9 5/16
Three months	12 7/16-12⅛	—	12⅛	7.65-7.75	7¾-8	9 3/16-9 5/16
Six months	12⅛-12¼	—	12¼	7.90-8.00	7 15/16-8 1/16	9 3/16-9 5/16
Nine months	12 1/16-12	—	12⅛	8.2-8.3	—	—
One year	12¼-12⅛	11¾	12⅛	8.85-8.42	8 3/16-8 5/16	9 3/16-9 5/16
Two years	—	11¾	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Finance IV: Average Rate of Interest period May 2 to June 4 (inclusive): 12.877 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from June 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.8171 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12½ per cent; one-three months 12½ per cent; three-six months 12 per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 11¾ per cent from June 20. Deposits held under Series 5 11½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8-8¼
Fed funds	7⅝
Fed funds at intervention	—

Treasury Bills

One month	6.45
Two month	7.06
Three month	7.06
Six month	7.25
One year	7.40

Treasury Bonds

Two year	99 15/16
Three year	102
Four year	104 5/16
Five year	100 1/16
Seven year	106 11/16
10 year	105 5/16
30 year	105⅝

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on June 24, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.2380
Algeria	Dinar	9.34
Andorra	French Franc / Spanish Peseta	12.0450 / 226.75
Angola	Kwanza	88.3425
Antigua	E. Caribbean $	3.47
Argentina	Austral	1.03 (15)
Australia	Australian $	1.9350
Austria	Schilling	27.75
Azores	Portuguese Escudo	224.50
Bahamas	Ba. Dollar	1.2865
Bahrain	Dinar	0.4830
Balearic Isles	Spa Peseta	225.75
Bangladesh	Taka	34.00
Barbados	Barbados $	2.5865
Belgium	B. Franc	(cm) 79.55 / (fn) 79.95
Belize	B $	2.51
Benin	C.F.A. Franc	602.25
Bermuda	Bda $	1.2865
Bhutan	Ngultrum	12.85
Bolivia	Bolivian Peso	(u) 21,870.0
Botswana	Pula	2.2456
Brazil	Cruzeiro (‡)	1,540.2
Brit. Virgin Isles	U.S. $	1.2826
Brunei	Brunei $	2.8805
Bulgaria	Lev	1.2872
Burkino Faso	C.F.A. Franc	609.25
Burma	Kyat	10.3610
Burundi	Burundi Franc	152.07
Cameroon	C.F.A. Franc	602.25
Canada	Canadian $	1.7598
Canary Islands	Spanish Peseta	225.75
Cape Verde Is	Cape V. Escudo	114.80
Cayman Islands	Cay. Is. $	1.0740
Cent. Afr. Republic	C.F.A. Franc	602.25
Chad	C.F.A. Franc	602.25
Chile	Chilean Peso	198.45
China	Renminbi Yuan	3.7045
Colombia	Col. Peso	(F) 175.48
Comoro Islands	C.F.A. Franc	602.25
Congo (Brazzaville)	C.F.A. Franc	602.22
Costa Rica	Colon	(U) 64.30
Cuba	Cuban Peso	1.1075
Cyprus	Cyprus £	0.7960
Czechoslovakia	Koruna	(com) 8.50 / (n/c) 14.81 / 13.74
Denmark	Danish Kroner	14.1722
Djibouti	Djibouti Franc	220.0
Dominica	E. Caribbean $	3.47
Dominican Repub.	Dominican Peso	(O) 1.2865 / 4.04
Ecuador	Sucre	(O) 86.25 / (F) 144.83
Egypt	Egyptian £	1.0665 (14) / 1.5480 (8)
El Salvador	Colon	(O) 3.0175 / (F) 5.2040
Equatorial Guinea	Ekuele	602.22
Ethiopia	Ethiopian Birr	2.6500
Falkland Islands	Falkland Is. £	1.0
Faroe Islands	Danish Kroner	14.1125
Fiji Islands	Fiji $	1.3145
Finland	Markka	8.2015
France	French Franc	12.0460
French C'ty in Af.	C.F.A. Franc	602.22
French Guiana	Local Franc	12.0450
French Pacific Is.	C.F.P. Franc	210.0
Gabon	C.F.A. Franc	602.25
Gambia	Dalasi	5.00
Germany (East)	Ostmark	3.95
Germany (West)	Deutsche Mark	3.95
Ghana	Cedi	27.80 (15)
Gibraltar	Gibraltar £	1.0
Greece	Drachma	175.41
Greenland	Danish Kroner	14.1725
Grenada	E. Caribbean $	3.41
Guadaloupe	Local Franc	12.0450
Guam	U.S. $	1.2865
Guatemala	Quetzal	1.2862
Guinea	Syli	31.59
Guinea-Bissau	Peso	196.46
Guyana	Guyanese $	5.3225
Haiti	Gourde	6.43
Honduras	Lempira	2.58
Hong Kong	H.K. $	9.9850
Hungary	Forint	65.23
Iceland	I. Krona	53.9410
India	Ind. Rupee	15.850
Indonesia	Rupiah	1,436.46
Iran	Rial	119.52 (s.g.)
Iraq	Iraqi Dinar	0.4002
Irish Republic	Irish £	1.2586
Israel	Shekel	1,500.0
Italy	Lira	2,518.2
Ivory Coast	C.F.A. Franc	602.25
Jamaica	Jamaica Dollar	6.9156 (s.g.)
Japan	Yen	320.25
Jordan	Jordanian Dinar	0.5120
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	20.27
Kiribati	Australian $	1.9352
Korea (Nth)	Won	1.271 (‖)
Korea (Sth)	Won	1,124.82
Kuwait	Kuwaiti Dinar	0.3895
Laos	New Kip	45.01
Lebanon	Lebanese £	20.19
Lesotho	Maluti	2.5340
Liberia	Liberian $	1.2865
Libya	Libyan Dinar	0.3810
Liechtenstein	Swiss Franc	3.3025
Luxembourg	Lux Franc	79.95
Macao	Pataca	10.37
Madeira	Portug'se Escudo	224.50
Malagasy Republic	MG Franc	804.60
Malawi	Kwacha	728.20
Malaysia	Ringgit	3.1775
Maldive Islands	Rufiyaa	9.01
Mali Republic	C.F.A. Franc	602.22
Malta	Maltese £	0.6052
Martinique	Local Franc	12.0450
Mauritania	Ouguiya	86.37
Mauritius	M. Rupee	20.1960
Mexico	Mexican Peso	(F) 387.29 / (C) 289.98
Miquelon	Local Franc	12.0450
Monaco	French Franc	12.0450
Mongolia	Tugrik	4.66 (‖)
Montserrat	E. Caribbean $	3.47
Morocco	Dirham	13.10 (sg)
Mozambique	Metical	(A) 56.60
Namibia	S.A. Rand	2.2340
Nauru	Australian Dollar	1.9350
Nepal	Nepalese Rupee	23.53
Netherlands	Guilder	4.4250
Netherland Antilles	Antillian Guilder	2.31
New Zealand	N.Z. Dollar	2.7580
Nicaragua	Cordoba	(O) 35.73
Niger Republic	C.F.A. Franc	229.92
Nigeria	Naira	1.147741
Norway	Norwegian Krone	11.3560
Oman Sul'ate of	Rial Omani	0.4452
Pakistan	Pakistan Rupee	20.48
Panama	Balboa	1.2768
Papua N. Guinea	Kina	1.2195
Paraguay	Guarani	308.40 (12) / 130.88 (7) / 417.88 (12)
Peru	Sol	exc/A (1) 18,771.5
Philippines	Philippine Peso	22.50
Pitcairn Islands	£ Sterling / New Zealand $	— / 2.1380
Poland	Zloty	203.10
Portugal	Portuguese Escudo	224.50
Puerto Rico	U.S. $	1.2865
Qatar	Qatari Ryal	4.5666
Reunion Island	French Franc	12.0450
Romania	Leu	(Cm) 5.70 / (N/C) 12.90
Rwanda	Rwanda Franc	130.64
St. Christopher	E. Caribbean $	3.47
St. Helena	St Helena £	1.0
St. Lucia	E. Caribbean $	3.47
St. Pierre	Local Franc	12.0450
St. Vincent	E. Caribbean $	3.47
Samoa American	U.S. $	1.2865
San Marino	Italian Lira	2,518.0
Sao Tome & Prin.	Dobra	57.91
Saudi Arabia	Saudi Ryal	4.6964
Senegal	C.F.A. Franc	602.25
Seychelles	S. Rupee	9.29
Sierra Leone	Leone	(O) 7.72
Singapore	Singapore $	2.8805
Solomon Islands	Solomon Is. $	1.9235
Somali Republic	Somali Shilling	47.07
South Africa	Rand	2.5340
Spain	Peseta	225.75
Spanish ports in North Africa	Peseta	225.75
Sri Lanka	S. L. Rupee	35.12
Sudan Republic	Sudan £ (u)	3.22
Surinam	S. Guilder	2.2952
Swaziland	Lilangeni	2.5340
Sweden	S. Krona	11.37
Switzerland	Swiss Franc	3.3025
Syria	Syrian £	(A) (T) 9.0 / (CM) 5.05
Taiwan	New Taiwan $	21.04
Tanzania	Tan. Shilling	22.55
Thailand	Baht	35.10
Togo Republic	C.F.A. Franc	602.56
Tonga Islands	Pa'anga	1.9350
Trinidad	Trinidad & Tob $	3.10
Tunisia	Tunisian Dinar	1.06 (sg)
Turkey	Turkish Lira	663.91
Turks & Caicos	U.S. $	1.2865
Tuvalu	Australian $	1.9350
Uganda	Uganda Shilling	747.50
United States	U.S. Dollar	1.2865
Uruguay	Uruguay Peso	120.58
Utd. Arab Emirates	U.A.E. Dirham	4.7246
U.S.S.R.	Rouble	1.0873
Vanuatu	Vatu	140.90
Vatican	Italian Lira	2,518.0
Venezuela	Bolivar	(4) 5.53 / (5) 0.65 / (2) 17.85
Vietnam	Dong	(O) 121.97
Virgin Island U.S.	U.S. Dollar	1.2865
Western Samoa	Samoan Tala	(A) 0.0275
Yemen (Nth)	Ryal	8.9640
Yemen (Sth)	S. Yemen Dinar	0.4410
Yugoslavia	New Y Dinar	356.5895
Zaire Republic	Zaire	68.1654
Zambia	Kwacha	5.00
Zimbabwe	Zimbabwe $	2.0150

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (‖) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (12) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral=1,000 old pesos.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99 3/16	97¾	Treas 8¾pcCnv '85	99 3/16	....	8.82	12.55
101 11/16	99 5/16	Exch. 12¼pc 1985	100	....	12.25	11.99
101 3/16	99 3/16	Exch. 11¼pc '86	99 11/16	....	11.76	11.74
99½	97 5/16	Treas. 10pcCnv 1986	98 11/16	....	10.13	11.68
94⅞	92¾	Treas 3pc 1986	94⅛	....	3.18	9.66
100	97½	Exch. 10½pc Cv '86	99 1/16	–1/16	10.61	11.56
101¾	99¾	Treas 12pc 1986	100½	....	11.94	11.41
97⅞	94⅝	Treas 8½pc 1984-86‡‡	97⅞xd	....	8.73	11.27
105 3/16	102 1/16	Exch. 14pc 1986	103 1/16	....	13.58	11.40
93⅞	87¼	Exch. 2½pc 1986	92¼	–⅛	2.70	8.03
104 3/16	101¼	Exch. 13¼pc 1987	102 3/16xd	–1/16	12.92	11.43
99½	96⅝	Treas 10¼pcCv '87	98¼	–1/16	10.43	11.42
91	85½	Exch 2½pc 1987	90⅝	–⅛	2.77	8.63
99 3/16	96¼	Exch. 10½pc 1987	98⅝	....	10.64	11.33
93⅞	89	Funding 6½pc '85-87‡‡	93 3/16	+1/16	6.97	10.63
98½	95½	Treas. 10pc 1987	97⅝	–1/16	10.25	11.37
90¼	84¾	Treas 3pc 1987	90 1/16xd	+1/16	3.33	8.37
102 11/16	99⅝	Treas. 12pc 1987	101¼	–1/16	11.85	11.32
93⅞	90⅝	Treas 7¾pc 1985-88‡‡	93 3/16xd	+1/16	8.30	10.78
98⅞	95⅛	Exch 10½pc '88	98 3/16	....	10.70	11.23
96 11/16	93⅝	Treas 9¾pc Cv '88	96⅛	+1/16	10.14	11.32
85⅞	80	Transport 3pc '78-88	85⅞xd	....	3.49	8.41
95⅞	91½	Treas. 9½pc '88	94 13/16	....	10.02	11.39
101⅛	97½	Treas 11½pc 1989	100 1/16	....	11.45	11.83
95 3/16	90⅝	Treas 9½pc Cnv. '89	94⅜	....	10.07	11.34
79 13/16	79	Treas 3pc 1989	79¼	....	1.76	9.32
[illegible]	94	Treas 10½pc 1989	97 1/16	....	10.78	11.31
96 [illegible]	92	Exch. 10pc 1989	95 3/16	+1/16	10.46	11.38
99 [illegible]	95	Exch 11pc 1989	98¾	....	11.14	11.34
84 [illegible]	79	Treas 5pc 1986-89	84 1/16	+1/16	5.95	9.59
[illegible]	103⅛	Treas 13pc 1990‡‡	106⅝	–1/16	12.19	11.11
99 [illegible]	96 11/16	Exch 11pc 1990‡‡	98 11/16	....	11.15	11.35
[illegible]	100⅛	Exch. 12½pc 1990	104 5/16	–1/16	11.98	11.28
[illegible]	75⅛	Treas. 3pc 1990●	75⅞	....	3.95	9.31
93	87⅞	Treas 8¼pc 1987-90‡‡	90⅛	....	9.15	10.87

Five to Fifteen Years

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97⅛	91⅞	Treas. 10pcCv 1990	96⅜	–⅛	10.56	11.15
105⅛	97⅞	Treas 11¾pc 1991	101¼xd	–⅛	11.55	11.32
85⅞	80	Funding 5¾pc '87-91‡‡	85¼	–⅛	6.85	9.40
101⅞	95	Exch. 11pc 1991	100⅜	–⅛	11.15	11.31
111¾	101⅝	Treas 12¾pc 1992‡‡	105¾xd	–⅛	11.95	11.28
98	88⅝	Treas 10pc 1992	97¼	–⅛	10.60	11.21
101⅛	94⅛	Treas 10½pc Cv 1992‡‡	98¼	–⅛	10.84	11.16
108⅝	98⅛	Exch. 12¼pc '92	108⅜	–⅛	11.74	11.34
114	105	Exch 13½pc 1992	113⅝	–⅛	12.26	11.38
111¼	101¼	Treas 12½pc 1993‡‡	105⅞xd	–⅛	11.73	11.25
81½	74⅞	Funding 6pc 1993‡‡	81¼	–⅛	7.54	9.64
118⅝	104⅛	Treas 13¾pc 1993‡‡	114¼	–⅛	12.16	11.29
123⅞	111¼	Treas 14½pc 1994‡‡	122¼	–⅛	12.27	11.17
114½	108¼	Exch 13½pc 1994	113¼	–⅛	12.10	11.38
111¼	100⅛	Exch. 12½pc 1994	110⅞	....	11.71	11.31
91	86¼	Treas 9pc 1994‡‡	89¾	–⅛	10.13	10.92
108⅛	98⅛	Treas 12pc 1995	102⅞xd	–⅛	11.55	11.33
70⅛	62⅞	Gas 3pc '90-95	70⅛	–⅛	4.30	7.36
98⅛	89⅝	Exch. 10¼pc 1995	93¾xd	–⅛	10.85	11.18
113⅛	106¼	Treas 12¾pc 1995‡‡	110⅛	....	11.66	11.19
121¼	110⅜	Treas. 14pc '96	114¾xd	....	12.09	11.40
91	84½	Treas 9pc 1992-96‡‡	90½	–⅛	10.23	11.92
128⅝	121¼	Treas 15¼pc 1996‡‡	126⅝	....	12.26	11.28
117⅛	110⅛	Exch 13¼pc 1996‡‡	114½	–⅛	11.72	11.15
76⅜	68½	Redemption 3pc 1986-96	76½	....	1.96	5.98
118½	108⅛	Treas 13¼pc 1997‡‡	112½xd	....	11.68	11.15
100⅛	90½	Exch 10½pc 1997	100	–⅛	10.90	11.04
88⅝	80½	Treas 8¾pc 1997‡‡	88⅛	–⅛	10.22	10.90
127⅛	120⅝	Exch. 15pc 1997	126⅛	....	12.12	11.35
96	87⅝	Exch. 9¾pc 1998	91¼xd	....	10.62	10.97
75⅛	70⅞	Treas 6¾pc 1995-98‡‡	74⅝	–⅛	9.17	10.54
133⅛	122⅞	Treas. 15½pc '98‡‡	132½	–⅛	12.04	11.26
111⅛	103⅛	Exch. 12pc 1998	107½	–⅛	11.28	11.07
95⅛	86⅝	Treas 9½pc 1999‡‡	90½xd	–⅛	10.43	10.77
112⅛	103⅝	Exch. 12¼pc 1999	111½	–⅛	11.29	11.03
101⅛	94⅛	Treas. 10½pc 1999	98¼	–⅛	10.80	10.89
99⅝	92⅛	Conversion 10¼pc 1999	96⅜xd	+⅛	10.74	10.87

Over Fifteen Years

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
119⅝	109⅝	Treas. 13pc 2000	113⅝xd	–⅛	11.37	11.03
123⅞	115⅛	Treas. 14pc '98-01	119⅞	....	11.81	11.23
97	92⅛	Conversion 9¾pc 2001	96½	–⅛	10.49	10.68
111⅛	102	Exch. 12pc '99-02	106⅛xd	–⅛	11.20	11.00

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

350	130	♥Centennial Min'ls.	145	+3	—	—	—
120	70	♥Colby Res Corp.	85		—	—	—
550	450	Cons. Murch. 10c	475		†Q100c	1.4	8.3
40	28	♦Emex Int. Ir10p	30		—	—	—
215	143	Hampton Areas 10p	145		3.75	2.1	3.5
260	145	♥Highwood Res.	145	-3	—	—	—
£22½	£18	Homestake Mining $1	£19¾	+¼	Q20c	—	1.0
310	190	♥McFinley Red Lake	210	+2	—	—	—
300	195	♥Musto Explorations	250	+10	—	—	—
55	23	♥New Salmo Res C$1	42		—	—	—
375	260	Northgate C$1	285	+10	—	—	—
685	568	RTZ	570	+2	20.0	2.7	5.8
£145½	£125½	Do. 9½pcLn '95-2000	£125½		Q9½%	14.8	7.8
£14½	£10	♥Tara Expln $1	£11½	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ♦ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	100	......	Arnott	265	......
Craig & Rose £1	700	-200	CPI Hldgs	58	......
Finlay Pkg. 5p	61	......	Carrol Inds.	127	......
Nigsons Brew	295	......	Dublin Gas	51	......
Holt (Jos) 25p	750	......	Hall (R. & H.)	59	......
IoM Stm. £1	75	......	Heiton Hldgs.	17	+1
IRISH			Irish Ropes	46	+1
Fund 11¼% 1988	£98	......	Jacob (W. & R.)	80	......
Nat. 9¾% 84/89	£92¾	+¼	Unidare	85	......
Fin. 13% 97/02	£102⅝	......			

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

For Options see Unit Trusts

MARKET REPORT

Equity rally falters late despite optimistic CBI survey of economic trends

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 17	June 27	June 28	July 8
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

The inclusion of new favourable factors in the London markets' background yesterday failed to restore to any marked extent the loss of confidence sustained over the previous two-week period. Leading industrials improved but the response to the Confederation of British Industry's optimistic view of the economy and inflation trends, together with Wall Street's rise to a near-record on Friday, was only a token gesture. The Prime Minister's promise of further cuts in taxation made little impression on sentiment.

There were few signs of investors wanting to invest cash returning from unsuccessful Abbey Life applications, although demand for new money has recently abated. The volume of business in most areas of the market was again low and generally confined to the first hour of so of trading. Dealers were surprised by news that the Christian Salvensen issue had been oversubscribed some five and one half times, attracting around £435m.

Within minutes of the opening most values were struggling to hold gains resulting from an early mark-up. One or two sectors which included stores, in particular Debenhams, found support but international stocks drifted back as the sterling exchange rate rose against an unsettled dollar.

Throughout the official trade, the FT Ordinary share index was five to six points up but in the after-hours' business prices gave way. This followed a sharp reaction on Wall Street which initially lowered the Dow Jones index over 12 points. London values followed and the FT index closed only two points up on the session at 965.2.

Interest in Government securities was negligible. The better tone of sterling was offset by the prevailing uncertainty over interest rate trends both in the UK and America. Conventional Gilts had by that time eased marginally and the only firm area was index-linked. After last week's weakness, some issues recorded small improvements ranging to ½ on bear-covering.

Life issues easier

Having been one of the most popular sectors of late following the Government's proposed abolition of the State earnings-related pension scheme and the overwhelming success of the Abbey Life issue, Life Insurances succumbed to profit-taking. Quotations drifted easier from the start and Prudential, which on Friday announced it was to acquire Insurance Corporation of Ireland Life for £21.94m, dropped 15 to 863. Legal and General lost the same amount to 703p and Sun Life fell 10 to 852p. Equity and Law cheapened 5 more to 250p and Abbey Life softened a penny to 220p, after 231p. Composites gave ground with sentiment not helped by fears of possible substantial claims arising from the Air India jumbo jet disaster. Royals gave up 7 at 666p and General Accident 8 at 620p.

Kalon Group (formerly Leyland Paint and Wallpaper) drifted below the 30p-placing price in opening dealings to close at 29p. Blanchards, the first interior design concern to be quoted in the Unlisted Securities Market, settled at 85p, compared with the placing level of 75p, while Martin Currie Pacific Warrants closed at 24p, after having opened at 27p.

Arthur Bell slumped 15 to 235p—albeit in extremely thin trading—on thoughts that the bid from Guinness, currently worth just under 229p per share, could incur a Monopolies Commission reference. Adverse comment clipped a couple of pence from Distillers, at 286p. Breweries were subdued. Allied-Lyons failed to respond to a welter of favourable comment and after fluctuating narrowly settled at the pre-weekend level of 210p. Bass hardened 7 to 547p, but Whitbread A gave up a few pence at 223p.

Buildings displayed widespread small gains. In the leading group, Costain Group edged up to a 1985 high of 412p, while favourable press comment induced support for Taylor Woodrow, up 5 at 390p. Vectis Stone put on 2 more to a year's best of 63p awaiting news of the recent bid approach, but Burnett and Hallamshire came under pressure from the outset and ended 5 lower at 35p. News of more than halved full-year profits left Craig and Rose 200 down at 700p.

ICI were finally 2 harder at 735p. Elsewhere in Chemicals, Stewart Plastics advanced 7 to 117p in response to bid speculation and favourable Press mention. Croda International eased 2 to 133p; the company is to acquire the 54 per cent not already-owned in the U.S.-based Croda Caourep Corporation for £1.8m worth of new Croda International shares.

Debenhams feature

Attention to leading Retailers again centred on the Debenhams/Burton situation; the former touched 391p before settling a net 6 dearer at 388p as investors digested the defence document and revived talk of a consortium counter-offer, while Burton closed 4 up at 468p, after 471p. Business in other Store majors suffered and prices rarely strayed from their pre-weekend positions. Elsewhere, Etam, depressed late last week following a directors' sale of shares, rallied 4 to 184p, while Stirling, annual figures due July 9, firmed a similar amount to 74p. In contrast, buyers shied away again from J. Hepworth, 4 lower at 206p, while Dunhill, 318p, and Milletts Leisure, 152p gave up 10 and 8 respectively.

Conditions in the Electrical sector remained basically uneasy and the closing trend was mixed. Racal hardened 2 to 192p, after 194p, awaiting today's preliminary results, while Plessey put on 2 to 128p and Cable and Wireless improved 5 to 535p; the annual figures of the last-named are scheduled for tomorrow. Thorn EMI gave up 4 at 423p and British Telecom eased the turn to 175p. STC closed 4 easier at 136p; ITT yesterday denied rumours that it was considering the sale of its 24 per cent stake in the company. Elsewhere, Acorn Computer, 11p, were suspended at the company's request prior to the announcement that the board is seeking further financial support; in February, the Italian giant Olivetti rescued Acorn out via a rights issue, effectively taking a 49 per cent controlling stake. AB Electronic, meanwhile, rumoured to be owed £8m by Acorn, fell 10 to 295p in sympathy. United Scientific dropped 10 to 177p in reaction to adverse comment, but Volex jumped 13 to 173p, after 178p, following bumper annual profits. Thermal Scientific also responded to impressive trading results with an improvement of 15 to 290p. Ferranti hardened 2 to 126p ahead of today's figures.

Westland followed last week's fall of 48 with a fresh reaction of 8 to 70p, after 65p, following adverse Press comment on the company's prospects in the wake of the collapse of the Alan Bristow-led consortium bid. British Aerospace, however, sold last week on fears that it could be forced to acquire Westland, rallied 15 to 360p; sentiment was helped by news of a £30m FII fighter contract. Elsewhere in Engineerings, Brown and Tawse put on 4 to 142p in response to the annual figures and F. H. Lloyd hardened 1½ to 59½p on the announcement that Suter had increased its stake in the company to over 22 per cent. Burgess Products moved up 5 to 158p and Babcock put on 3 to 151p. Renold firmed 3½ to 57½p after further consideration of the second-half profits recovery, but Vosper slipped 15 to 265p awaiting compensation payment news. John Brown, at 32p, were suspended at the company's request pending news of its capital reconstruction, while dealings in Meggitt were also halted, at 102p, prior to news of merger talks with Negretti.

Foods made an encouraging start before often reverting to around the opening levels. Ranks Hovis Macdougall remained a bright spot, however, amid escalating speculation that S. & W. Berisford, 7 dearer at 174p, was set to dispose of its 14.7 per cent stake. Occasional speculative interest was also noted in Rowntree Mackintosh, a few pence better at 393p, after 398p, and for Tate and Lyle, finally 8 to the good at 480p. Leading Retailers displayed modest gains for choice with Tesco, 250p, and J. Sainsbury, 312p, up 2 apiece.

Hotels lacked a decided trend. Trusthouse Forte eased the turn to a new 1985 low of 132p; the mid-term results are scheduled for Thursday. Press comment lifted Midsummer Inns 15 to 175p. Arden and Cobden Hotels were quoted at a basis price of 400p following news of a bid approach.

Midlands marts fall

Midland Marts were a dull feature among secondary miscellaneous Industrials, falling 19 to 85p on the resumption of trading after a two months' suspension; the Board has revealed that the talks concerning a possible substantial acquisition had come to nothing. Elsewhere, Wolverhampton Steam Laundry fell 4 to 44p, after 42p, following comment on the results and the acquisition of a school travel operator. Extel gave up 15 at 330p as did Oriflame, at 480p, while A. and P. Appledore cheapened 9 to 321p. Hawley hardened a couple of pence to 88p following news of the disposal of the company's shareholdings in Pineapple Dance Studio, Group Lotus and Miss World. Brook Street Bureau improved 3 more to 133p on continuing hopes of a bid from Blue Arrow. Still reflecting the appointment of a new financial controller, Johnson Matthey picked up 3 more to 90p.

Publishers closed a shade firmed where altered. Fleet Holdings hardened a few pence to 293p, as did East Midland Allied Press A, to 135p. James Cropper advanced 15 to 135p following the annual figures. Elsewhere, Press comment lifted Cradley 2 to 47p, while Osbourne and Little improved 13 to 203p following the annual report. Waverley Cameron, on the other hand, encountered fresh profit-taking and dipped 7 more to 145p.

Following details of the annual deficit and proposed £0.9m rights issue, dealings in Dare Estates were resumed. The shares opened at 7½p, compared with the suspension price of 12p, and eased to 7p before closing at 8p.

Textiles traded irregularly. Dawson International, which revealed annual results last week, slipped 4 more to 276p, but Tootal hardened a couple of pence to 84p following favourable Press mention. Further consideration of the proposed merger left Nottingham Manufacturing 4 to the good at 266p, but clipped 2 from Vantona Viyella, at 362p.

Among Investment Trusts, Fashion and General closed 15 up at a 1985 peak of 375p following the full-year figures. Financials held close to Friday's closing positions, although scattered interest was evident for Argyle Trust, 3 up at 29p, and for Yorkgreen, 2 better at 12p.

Oils rally

Oils staged a good rally helped by the firm showing by crude oil spot markets in Friday and yesterday. Favourable Press comment boosted Shell, which improved to close 12 higher at 695p, while BP ended the day 10 firmer at 533p. Further consideration of the Australian oil discovery announced late last week encouraged support for LASMO, 10 to the good at 258p. Ultramar rose a similar amount to 213p while rises of around 3 were common to Tricentrol, 213p, Britoil, 213p, and Burmah, 256p. IC Gas moved 5 to 330p in front of the preliminary statement scheduled for Thursday. Among the secondary issues Falcon Resources attracted good support and touched 80p prior to closing a net 2 higher at 77p. Press comment aided Great Western Resources, 5 up at 220p, and Floyd Oil Participations, 3 better at 73p. Speculative interest saw Edinburgh Oil and Gas improve 8 to 45p, and Sun (UK) Royalty add 15 at 150p. Charterhouse Petroleum gained ground after-hours and settled 3 firmer at 90p amid vague talk of an oil discovery.

Gem Expln. advance

An otherwise dull day in mining markets was considerably enlivened by the emergence of a high-flyer in the Australian sector. Gem Exploration, a junior diamond exploration company jumped 20 more to a record 86p; around a week ago the shares were changing hands around the 44p level.

Other "down-under" stocks moved in a narrow range, ignoring the generally firm showing by Sydney and Melbourne markets overnight. Gold Mines of Kalgoorlie edged up 10 to 440p, helped by a minor rally in the bullion price from initially easier levels, while rises of a few pence were common to Bougainville, 106p and CRA, 304p. Peko-Wallsend, on the other hand, dipped 4 to 214p while coal group Meekatharra remained out of favour and gave up 3 to a year's low of 57p.

South African Gold and related sectors were mixed but dealers reported an increase in market activity. Bullion fell to $314 early on prior to closing 25 cents up on balance at $315 an ounce, reflecting the late downturn in the dollar.

Financials suffered from lack of interest. In the South Africans small gains were recorded by "Amgold," ½ better at £68¾ and Gold Fields of South Africa, £13¾.

FINANCIAL TIMES STOCK INDICES

	June 24	June 21	June 20	June 19	June 18	June 17	year ago
Government Secs.	81.22	81.96	81.94	82.17	81.28	81.75	78.55
Fixed Interest	85.52	86.72	86.48	86.45	86.25	86.19	82.83
Ordinary	965.2	965.2	974.1	982.9	985.8	988.3	812.7
Gold Mines	440.2	440.3	432.3	453.3	453.2	451.6	657.2
Ord. Div. Yield	4.80	4.81	4.75	4.76	4.70	4.69	4.28
Earnings, Yld.% (full)	12.05	12.06	11.81	11.80	11.73	11.72	11.29
P/E Ratio (net) (*)	10.15	10.15	10.25	10.34	10.38	10.42	10.65
Total bargains (Est.	22,126	25,534	23,168	21,587	22,685	23,331	18,375
Equity turnover £m.	—	333.34	463.54	289.09	291.95	523.24	151.44
Equity bargains	—	24,922	27,322	16,065	18,340	20,406	16,377
Shares traded (ml).	—	177.2	230.1	151.1	160.7	172.1	100.5

10 am 968.7. 11 am 968.5. Noon 968.7. 1 pm 969.4. 2pm 969.2. 3 pm 968.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 9.83.

HIGHS AND LOWS

	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.17 (19/6)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.72 (21/6)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (4/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	421.2 (10/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	June 21	June 20
Daily		
Gilt Edged Bargains	121.0	124.5
Equities Bargains	151.5	170.0
Value	525.9	937.1
5 day Average:		
Gilt Edged Bargains	134.5	137.6
Equities Bargains	138.1	136.4
Value	690.2	811.2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon June 24 1985 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri June 21 Index No.	Thur June 20 Index No.	Wed June 19 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (207)	512.62	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	511.51	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (739)	612.99	+0.3	—	4.67	—	10.44	611.44	617.59	621.05	485.45

	Index No.	Day's Change	Day's High	Day's Low	June 21	June 20	June 19	June 18	June 17	Year ago
FT-SE 100 SHARE INDEX	1266.6	+4.6	1270.7	1266.6	1262.0	1276.3	1284.1	1284.0	1284.4	1033.1

FIXED INTEREST

PRICE INDICES	Mon June 24	Day's change %	Fri June 21	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	117.90	+0.02	117.88	—	5.40
2 5-15 years	129.10	-0.09	129.22	—	7.34
3 Over 15 years	134.91	-0.09	135.02	—	6.76
4 Irredeemables	147.20	-0.02	147.23	—	6.54
5 All stocks	127.82	-0.05	127.88	—	6.61
6 Debentures & Loans	109.17	-0.06	109.24	—	5.97
7 Preference	79.83	—	79.83	—	3.30

AVERAGE GROSS REDEMPTION YIELDS: [illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

8 All stocks	118.29	+0.20	118.07	—	1.34

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (28)

FOREIGN BONDS (1)
Iceland 14½pc Ln. '15
AMERICANS (2)
Gen. Foods Corp. Quaker Oats
BANKS (1)
Deutsche Bank
[illegible]

NEW LOWS (74)

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$320	14	16	—	—	—	—	$315.40
GOLD C	$350	0	1	40	6.20	—	—	"
GOLD P	$300	5	3.50	—	—	—	—	"
GOLD P	$320	5	16	—	—	—	—	"
		Sept.		Dec.		March		
SILVER C	$560	5	20	—	—	—	—	$512
SILVER C	$600	5	45	4	75	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 14,774

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock
[illegible]					
120	F.O.	12/7	155	120	Suter 5p
570	Nil	—	30pm	12pm	Taylor Woodrow
10	F.O.	12/7	40½	27	"The Times" Veneer
150	F.P.	19/7	811	178	Tomkins (F.H.) 5p
2	F.O.	28/7	5½	2½	Wilshire Systems

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‡‡ Introduction. ✱ Unlisted Securities Market. ‡ Placing price. †† Dealt in under Rule 535 (3).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	228	− 1
Bell (Arthur)	235	−15
Bowater Inds	267	—
Brit Aerospace	360	+15
Cropper (James)	135	+15
Debenhams	388	+ 6
East Mid Allied A	135	+ 2
Heworth Ceramic	127	− 8
Midland Marts	85	−19
Sun Life	852	−10
Thermal Scientific	290	+15
Westland	70	− 8

Based on bargains recorded in Stock Exchange Official List.

FRIDAY'S ACTIVE STOCKS

Stock	No. of changes	Fri. close	Day's change
Westland	12	78	−12
Hanson Trust	13	3pm	− 3
Royal Ins	13	673	−10
Thorn EMI	13	427	− 5
Trafalgar Hse	13	348	− 6
Allied-Lyons	12	211	+ 2
BTR	12	342	− 2
Abbey Life	11	227	− 5
BAT Inds	11	311	− 7
BSR Int'l	11	50	− 2
ICI	11	733	− 7
Legal and Gen	11	718	−17
STC	11	140	− 6
Brammer	10	297	−13

† Nil-paid

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 24	July 5	Sept 26	Oct 7
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4

For rate indications see end of Share Information Service

Call options were taken out in Armour Trust, Smith St Aubyn, British Telecom, Parkfield, Tandem Resources, Sound Diffusion, Abbey Life, STC, FKI and Falcon Resources. No puts were reported, although a double option was transacted in British Telecom.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial & Props.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*258)	240	59	42	60	[illegible]	[illegible]	[illegible]
	260	20	22	35	[illegible]	[illegible]	[illegible]
	280	12	12	27	[illegible]	[illegible]	[illegible]
	300	7	14	—	[illegible]	[illegible]	[illegible]
	500	—	—	15	[illegible]	[illegible]	[illegible]
[illegible]							

June 24 Total contracts 1,135 Calls 2,894 Puts 3,241
* Underlying security prices

WORLD STOCK MARKETS

AUSTRIA

June 24	Price Sch.%	+ or −
Creditanstalt	370	-5
Goesser	540	+10
Interunfall	1,760	-90
Laenderbank	363	-9
Perlmooser	620	+10
Steyr-Daimler	178	-2
Veitscher Mag	596	-15

BELGIUM/LUXEMBOURG

June 24	Price Frs.	+ or −
B.B.L.	2,010	+30
Banq. Gen Lux	—	
Banq. Int. A. Lux	6,020	
Bekaert B.	5,950	
Cimont CBR	2,543	+20
Cockerill	224	-8
Delhaize	5,740	-310
EBES	3,040	-50
Electrobel	8,440	+40
Fabrique Nat	1,920	
GB Inno BM	3,775	-20
GBL (Brux)	1,213	-5
Gevaert	3,845	+45
Hoboken	5,600	
Intercom	8,150	-55
Kredietbank	2,040	+60
Pan Hldgs.	10,600	
Petrofina	5,680	
Royale Belge	11,200	-100
Soc. Gen. Banq	6,430	-40
Soc. Gen. Belge	1,840	
Sofina	7,120	+50
Solvay	4,405	
Stanwick Intl.	1,500	
Tractionel	3,793	-35
UCB	5,300	
Wagon Lits	3,350	-15

DENMARK

June 24	Price Kr. %	+ or −
Andelsbanken	503	+1
Baltic Skand	375	
CopHandelsbank	308	+2
D. Sukkerfab	485	
Danske Bank	312	+2
De Danske Luft.	1,100	
East Asiatic	215	-4
Forenede Brygg.	933	+40
Forenede Damp.	149	+1
GNT Hldg	395	-5
I.S.S.B.	436	
Jyske Bank	670	+8
Novo Ind	1,030	+30
Privatbanken	282	+1
Provinsbanken	344	
Smidth (F)	248	-1
Sophus Berend.	1,040	-5
Superfos	425	-1

FRANCE

June 24	Price Frs.	+ or −
Emprunt 4½% 1973	1,313	+2
Emprunt 7% 1973	9,360	-10
Accor	280	+8
Air Liquide	719	+80
BIC	543	+8
Bongrain	1,830	-20
Bouygues	630	+5
BSN Gervais	2,320	+40
CIT-Alcatel	1,285	+05
Carrefour	2,181	
Club Mediter'n	314	
Cie Bancaire	636	-3
Colimeg	295.2	+0.2
Damart	1,920	+8
Darty	1,501	+21
Dumez S.A.	665	+8
Eaux (Cie Gen)	690	-4
Elf-Aquitaine	217.5	+3.3
Essilor	3,470	+20
Gen. Occidentale	711	+2
Imetal	107.4	+0.6
Lafarge Coppee	639	+3
L'Oreal	2,323	-20
Legrand	2,024	+24
Maisons Phenix	241	-6
Matra S.A.	1,620	+30
Michelin B.	1,190	+162
Midi (Cie)	2,690	+50
Moet-Hennessy	1,963	+19
Moulinex	92.6	+1.1
Nord Est	88.3	+0.0
Pernod Ricard	778	+12
Perrier	352	-6
Petroles Fra.	259.5	+5.3
Peugeot S.A.	420	+14
Printemps Au.	297	-5
Radiotech	334	+6
Redoute	1,448	-6
Roussel-Uclaf	1,560	+10
Selimeg	378	-1
Skis Rossignol	1,650	
Telemech Elect.	2,760	+55
Thomson CSF	538	+4
Valeo	328	+8

GERMANY

June 24	Price Dm.	+ or −
AEG-Telef.	146	-0.2
Allianz Vers	1565	+3
BASF	220.3	+1.8
Bayer	224.3	+1.0
Bayer-Hypo	347	-8
Bayer-Verein.	376	-3
BHF-Bank	327	-1
BMW	454	-2
Brown Boveri	237	-2
Commerzbank	201.8	+0.3
Cont'l. Gummi	157	+0.3
Daimler-Benz	837	+1
Degussa	332.3	+7.5
D'sche Babcock	135.5	+0.3
Deutsche Bank	523	+22.5
Dresdner Bank	231.5	+4.3
GHH	135	+3.9
Hochtief	560	+5
Hoechst	225	+0.9
Hoesch Werke	116.4	+0.4
Holzmann (P)	475	-5
Horten	199	+2
Hussel	289.8	+1.6
Karstadt	256.5	-1
Kaufhof	241.5	-7.5
KHD	293.8	+4.9
Kloeckner	70	-1
Linde	550	+7
Lufthansa	201	-1
MAN	102.8	+4.8
Mannesmann	120	-0.3
Mercedes Hld.	752.5	+4.3
Metallgesel	286	-6
Muench Rueck	1,250	+10
Nixdorf	577	+4
Porsche	1400	+12
Preussag	306	+0.2
Rhein West Elect	199	+4
Rosenthal	260	+3
Schering	505	-5.5
Siemens	580	-1.5
Thyssen	114.7	-0.5
Varta	230	-8
Veba	217.5	+6
V.E.W.	133	
Verein-West	362	
Volkswagen	593.3	-8.5

ITALY

June 24	Price Lira	+ or −
Banco Com'le	21,290	-410
Bastogi-IRBS	650	+3.3
B.I-Invest	4,740	+450
Centrale	3,460	-23
Credito Varesino	4,205	-3
Fiat	3,820	+910
Finsider	70.2	
Generali Assicur.	51,580	+1,190
Italcementi	43560xa	+300
La Rinascente	674	+24
Montedison	1,856	+31
Olivetti	5,900	+140
Pirelli Co.	4,285	+10
Pirelli Spa	2,321	+41
Saipem	—	
Snia BPD	5,150	+153
Toro Assic.	17,480	+680
do Pref	12,999	+2

NETHERLANDS

June 24	Price Fls	+ or −
ACF Holding	224	+2
AEGON	96.9xc	-0.5
Ahold	227.1	-0.3
AKZO	106.4	+0.3
ABN	433	+0.3
AMEV	242	+2.8
AMRO	78	
Bredero Cert.	173.5	+0.3
Bos Kalis Westm.	18.7	
Buehrmann-Tet.	88.7	-0.0
Calland Hldgs.	35.8	-0.2
Dordtsche Pet'm	175.3	
Elsevier NDU	120	
Fokker	130.2	+1.2
Gist Brocades	183.5	+0.2
Heineken	140.7	-0.9
Hoogovens	38	+0.2
Int Mueller	30	
KLM	56.5	+0.1
Naarden	47.2	-0.0
Nat Ned Cert.	69.2	+0.4
Ned M'd Bank	192.5	+0.0
Nedlloyd	108.5	+0.2
Oce Grinten	331.5	+0.5
Ommeren (Van)	29.1	-0.2
Pakhoed	60	-0.3
Philips	52.8	+0.2
Robeco	76.3	+0.4
Rodamco	140.3	-0.6
Rolinco	69.4	+0.1
Rorento	46.4	+0.1
Royal Dutch	196.8	+1.0
Unilever	349.3	+4.8
VMF Stork	127	-1
VNU	200	+2.5
Wessanen	180	
West Utr Bank	103	+0.7

NORWAY

June 24	Price Kroner	+ or −
Bergens Bank	138	+2
Borregaard	412	-0.5
Christiania Bank	157.5	
Den Norske Cred	150.3	+1.3
Elkem	127.5	-3.3
Kosmos	210	
Kvaerner	159	+1.5
Norsk Data	338	+3
Norsk Hydro	99.5	+0.5
Storebrand	260	+3

SPAIN

June 24	Price Pts%	+ or −
Bco Bilbao	360	
Bco Central	520	
Bco Exterior	192	
Bco Hispano	163	-1
Bco Popular	346	
Bco Santander	340	-1
Bco. Vizcaya	432	
Dragados	140.0	+0.5
Hidrola	80	+0.3
Iberduero	95	
Petroleos	132.2	-0.5
Telefonica	114	-4.7

SWEDEN

June 24	Price Kronor	+ or −
AGA	110xa	
Alfa-Laval	183	-1
ASEA (Free)	325	
Astra (Free)	327	-3
Atlas Copco	101	+1
Cardo (Free)	235	
Cellulosa	117	
Electrolux B	246	+1
Ericsson	286	+8
Esselte	375	
Mo och Domsjo	102	+1
Pharmacia	173	-1
Saab Scania Free	405	+10
Sandvik	370	-5
Skandia	225	+3
Skan Enskilda	47.5	
SKF	207	
St Kopparberg	135	-1
Sonesson	105	
Svenska Handelsbn	147	-4
Swedish Match	184	-2
Volvo B (Free)	230	+4

SWITZERLAND

June 24	Price Frs.	+ or −
Adia Intl.	25	
Alusuisse	800	
Bank Leu	3,830	-80
Brown Boveri	1,750	+5
Ciba Geigy	3,120	+15
do. (Part Certs)	2,513	+55
Credit Suisse	2,760	+30
Elektrowatt	2,820	+20
Fischer (Geo.)	880	-10
Hoff-Roche PtCts	92,625	+1125
Hoff-Roche 1/10	9,275	+123
Jacobs Suchard	6,100	+83
Jelmoli	2,340	
Landis & Gyr	1,850	
Nestle	6,510	+70
Oer-Buehrle	1,530	+20
Pirelli	350	+2
Sandoz (Br)	8,400	-50
Sandoz (PtCts)	1,380	
Schindler (PtCts)	850	-70
Sika	1,300	-50
Surveillance	4,773	+115
Swissair	1,272	+12
Swiss Bank	430	
Swiss Reinsce	11,450	+100
Swiss Volksbk	1,680	-10
Union Bank	4,030	+80
Winterthur	4,140	
Zurich Ins.	24,980	+50

AUSTRALIA

June 24	Price Aust $.	+ or −
ANZ Group	4.48	
Alliance Oil Dev.	1.1	
Ampol Pet	1.83	+0.01
Ashton	1.05	
Aust. Cons. Ind.	2.52	+0.01
Aust. Guarantee	2.33	-0.02
Aust. Nat. Inds	2.30	-0.03
APM	2.70	-0.01
Bell Group	7.3	+0.1
Bell Res.	6.6	-0.1
Bond Corp Hldgs	1.24	
Boral	3.27	+0.03
Bougainville	2.06	+0.01
Brambles Inds	3.5	
Bridge Oil	2.38	-0.02
B.H. Prop	9.22	+0.04
CRA	5.88	+0.04
CSR	2.82	-0.07
Castlemaine Tys.	6.63	+0.14
Coles (G.J.)	3.81	+0.1
Comalco "A"	1.97	+0.04
Consolidated Pet	0.35	-0.02
Costain Aust.	1.6	
Dunlop Olympic	2.26	+0.02
Elders IXL	2.23	+0.02
Energy Res.	1.5	

AUSTRALIA (continued)

June 21	Price Aust.$	+ or −
Gen. Prop. Trust	2.20	+0.01
Hardie (James)	3.53	+0.01
Hartogen Energy	5.1	+0.25
Herald W'y Times	4.2	+0.05
ICI Aust	1.85	-0.05
Jimberlana F.P.	0.31	-0.01
Kia Ora Gold	0.13	+0.01
Lend Lease	6.64	+0.04
MIM	2.85	+0.05
Mayne Nickless	2.25	
Myer Emporium	2.20	-0.02
Nat. Aust. Bank	4.18	+0.02
News	6.2	-0.3
Nicholas Kiwi	1.75	
North Bkn Hill	2.3	+0.02
Oakbridge	0.86	+0.03
Pancont'l	1.62	
Pioneer Conc	1.79	-0.01
Poseidon	5.5	
Queensland Coal	1.58	
Reckitt & Coln	3.45	
Repco	1.2	+0.02
Santos	3.52	+0.04
Smith (Howard)	4.8	+0.1
Thos. Nationwide	1.93	+0.05
Tooth	5.8	
Vamgas	5.25	
Western Mining	3.87	+0.31
Westpac Bank	4.0	+0.04
Woodside Petrol	1.59	+0.03
Woolworths	3.0	+0.08
Wormald Intl	3.62	+0.02

HONG KONG

June 21	Price H.K.$	+ or −
Bank East Asia	24.2	-0.5
Cheung Kong	13.1	
China Light	10.5	+0.1
Evergo	1.1	+0.04
Hang Seng Bank	47.75	+1.25
HK Electric	8.05	+0.15
HK Kowloon Wh.	6.0	+0.05
HK Land	3.7	
HK Shanghai Bk.	7.65	+0.15
HK Telephone	96.0	+2
Hutchison Wpa	24.8	
Jardine Math	11.4	+0.1
New World Dev.	7.1	+0.05
Orient O'seas	2.13	
O'seas Trust Bk	3.15	
SHK Props	12.0	+0.1
Shell Elect	1.25	
Swire Pac A	23.0	+0.6
TV-B	7.1	+0.05
Wheel'k Mard A	7.25	
Wheel'k M'time	1.10	
World Int. Hldns	1.66	+0.08

JAPAN

June 24	Price Yen	+ or −
Ajinomoto	1,110	-10
Alps Electric	1,630	+20
Amada	905	+4
Asahi Chem	1,010	-10
Asahi Glass	885	-3
Bridgestone	561	+15
Canon	1,150	+10
Casio Comp	1,640	+90
Chugai Pharm	1,060	+50
Citizen	453	+13
Daiei	738	
Dai Nippon Ptg	1,110	+10
Daiwa House	674	-3
Ebara	405	+10
Eisai	1,400	+50
Fanuc	7,890	+140
Fuji Bank	1,660	-10
Fuji Film	1,910	+50
Fujisawa	975	-3
Fujitsu	1,010	+16
Green Cross	2,320	+50
Hasegawa	405	
Heiwa Real Est	895	-11
Hitachi	733	+13
Hitachi Credit	1,190	+20
Honda	1,390	-20
House Food	770	+8
Hoya	1,810	+10
Itoh (C)	424	-12
Ito Yokado	2,650	
Iwatsu	870	+5
JACCS	354	
JAL	7,650	+60
Jusco	857	+7
Kajima	311	-0
Kao Soap	938	+3
Kashiyama	395	+3
Kirin	725	-8
Kokuyo	2,000	+35
Komatsu	470	-1
Konishiroku	565	+5
Kubota	350	-18
Kumagai	620	-3
Kyoto	3,980	+30
Maeda Const.	590	
Makino Milling	265	+15
Makita	292	+8
Marubeni	349	-1
Marudai	635	-4
Marui	1,250	+10
MEI	1,590	
M'ta Elec Works	775	+5
M'bishi Bank	1,660	
M'bishi	365	-4
M'bishi Elect	396	+3
M'bishi Estate	810	-10

JAPAN (continued)

June 24	Price Yen	+ or −
MHI	327	+23
Mitsui	405	-10
Mitsui Estate	827	+2
Mitsukoshi	635	-10
NGK Insulators	781	-4
Nihon Cement	288	-11
Nippon Denso	1,310	+10
Nippon Elect	1,010	
Nippon Express	440	
Nippon Gakki	1,850	-20
Nippon Kokan	142	-1
Nippon Oil	945	-10
Nippon Seiko	610	+4
Nippon Shimpan	376	-1
Nippon Steel	165	-2
Nippon Suisan	572	+1
NTV	18,180	-10
Nippon Yusen	304	-2
Nissan Motor	635	+25
Nisshin Flour	618	+1
Nisshin Steel	168	-9
Nomura	1,250	-50
Olympus	1,140	-30
Orient Leasing	5,110	+80
Pioneer	1,860	
Renown	712	-8
Ricoh	938	-10
Sankyo	1,320	+20
Sanyo Elect	450	+18
Sapporo	485	+5
Sekisui Prefab	710	-2
Seven-Eleven	8,780	+160
Sharp	813	+13
Shimadzu	719	-2
Shionogi	677	+15
Shiseido	1,140	+10
Sony	4,000	+80
Stanley	803	+1
S'tomo Bank	1,910	-30
S'tomo Elect	761	+15
S'tomo Marine	740	-3
S'tomo Metal	152	-1
Taihei Dengyo	520	
Taisei Corp.	257	+1
Taisho Pharm	1,170	+20
Takeda	854	+8
TDK	4,780	+200
Teijin	478	+6
Teikoku	748	-12
Tokio Marine	930	+9
TBS	898	-2
Tokyo Elect Pwr	2,080	+10
Tokyo Gas	254	-1
Tokyo Sanyo	650	-11
Tokyo Style	235	-31
Tokyu Corp	461	+5
Toppan Print	870	+4
Toray	477	
Toshiba Elect	362	+3
TOTO	790	+10
Toyo Seikan	1,150	
Toyota Motor	1,270	+20
Victor	1,710	+10
Wacoal	712	+8
Yamaha	680	
Yamanouchi	3,150	+60
Yamazaki	780	-1
Yasuda Fire	585	-2
Yokogawa Bdge.	500	+5

SINGAPORE

June 24	Price $	+ or −
Boustead Hldgs.	1.03	+0.05
Cold Storage	3.42	+0.04
DBS	6.0	+0.05
Genting	5.1	
Haw Par. Bros	2.28	+0.08
Hong Leong Fin.	2.85	
Inchcape Bhd.	2.39	+0.04
Keppel Shipyard	1.56	+0.02
Malay Banking	3.8	+0.1
Malay Utd. Ind.	2.47	+0.04
Multi Purpose	0.88	+0.04
OCBC	8.0	
OUB	3.1	-0.02
Public Bank	1.3	+0.08
Sime Darby	1.99	+0.05
Singapore Press	8.0	+0.05
Straits Trdg.	4.3	+0.04
Tat Lee Bk	2.7	+0.01
UOB	4.12	+0.04

SOUTH AFRICA

June 24	Price Rand	+ or −
Abercom	1.7	
AE&CI	8.10	-0.1
Allied Tech	60.5	-0.5
Anglo Am Coal	53	
Anglo Am Corp	29.1	+0.2
Anglo Am Gold	174	+1
Barclays Bank	12	
Barlow Rand	11.65	
Buffels	74	-8.5
CNA Gallo	2.7	
Currie Finance	4.2	
De Beers	10.6	+0.05
Driefontein	50.25	
FS Geduld	51	-0.5
Gold Fields SA	33.75	+0.75
Highveld Steel	4.85	+0.05
Nedbank	14.83	+0.25
OK Bazaars	16.05	
Protea Hldgs	2.45	
Rembrandt	38.1	+0.2
Rust Plat	16	+0.5
Safren	15.3	
Sage Hldgs	10.25	
SA Brews	8.15	+0.1
Smith (C.G.)	27	+0.5
Tongaat Hulett	7.2	+0.1
Unisec	3.1	

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm June 24

Sales	Stock	High	Low	Close	Chng
500	Abti Prce	$18⅞	18¾	18¾	
300	Agnico E	$16	15⅞	15⅞	-⅛
2369	Agra Ind A	$9⅞	8⅞	8⅞	+⅛
8216	Alt Energy	$19	18⅝	18⅞	+⅝
1270	Algoma St	$21⅝	21⅝	21⅝	+⅛
6450	Argcen	$18⅝	18¼	18⅝	+¼
8	Argus C pr	$10⅞	10⅞	10⅞	-1⅛
2000	Atco I I	$9¾	9¾	9¾	
2350	BP Canada	$33	33	33	
36550	Bank BC	$5⅝	5½	5⅝	
97879	Bank N S	$13¾	13⅝	13⅝	-⅛
8858	Barrick o	130	128	130	+1
5100	Baton A f	$16	16	16	
1403	Bonanza R	390	390	398	-5
20850	Bralorne	460	455	460	+5
300	Bramalea	$18⅛	18⅞	18⅞	+⅛
9834	BCFP	$9½	9¼	9½	+¼
4831	BC Res	244	240	244	+4
5351	BC Phone	$23⅞	23¾	23⅞	+⅛
4600	Brunswk	$12	11⅝	11⅞	
13050	CAE	$16⅝	16¼	16⅝	
780	CCL A	$14⅜	14⅜	14⅜	+⅛
700	Cad Frv	$15	14⅞	14⅞	-⅛
500	Campeau I	$25	25	25	
1128	C Nor West	$23	22¾	22¾	
400	C Packrs	$30¼	30	30¼	-⅛
2000	Can Trust	$37¼	37⅛	37⅛	+⅛
1600	CGE	$71	71	71	
28065	CI Bk Com	$35½	35¼	35½	-¼
12700	Cdn Nat Res	30	28	28	-2
88523	CTire A I	$10⅝	10⅜	10⅝	+⅛
1129	Celanese	$7⅞	7⅞	7⅞	-¼
2400	Centrl Tr	$12¾	12¾	12¾	
10700	Cineplex	$8¾	8¾	8¾	
2000	C Distb A	$6⅝	6⅛	6⅛	-¼
5000	CDistb B I	$6	6	6	-¼
800	CTL Bank	$10¾	10¼	10¼	-⅛
200	Conwest A	$9	9	9	-¼
2100	Coseka R	305	305	305	-10
1180	Canron A	$13⅜	13⅜	13⅜	-⅛
27931	Crownx	$20½	20¼	20½	+⅛
2500	Czar Res	179	170	179	-1
63759	Daon Dev	470	465	470	
12400	Daon A	385	380	385	+3
3170	Denison A p	$12	12	12	-¼
1058	Denison B f	$11⅝	11⅝	11⅝	+⅛
800	Develcon	$6⅞	6⅞	6⅞	
500	Dicknsn A I	$6¼	6¼	6¼	+⅛
400	Dicknsn B	$6¼	6¼	6¼	
35100	Dofasco	$25¾	25½	25¾	
400	Donohue	$18	18	18	+¼
13690	Du Pont A	$20¼	20⅛	20¼	+¼
2004	Dylex A	$42⅞	42⅞	42⅞	+⅜
475	Elctham X	$6	6	6	
500	Emco	$17¾	17¾	17¾	-½
3800	Equity Svr	$6⅞	6¾	6¾	
180	FCA Intl	$19¾	19¼	19¼	+⅛
300	C Falcon C	$18¾	18¾	18¾	
8600	Ficnbrdge	$18¾	18¼	18⅜	-⅛
1250	Fed Ind A	$23¾	23⅜	23¾	
600	F City Fin	$13⅜	13¼	13⅜	+⅛
8700	Gendis A	$29⅞	29⅞	29⅞	
1124	Geac Comp	$9⅝	9½	9½	-⅛
5486	Geocrude	274	270	274	+4
000	Gibraltar	$7⅞	7¾	7⅞	-⅛
1200	Goldcorp I	$6⅞	6⅝	6⅝	-¼
300	Gran G	$12⅝	12½	12⅝	+½
300	Grandma	70	70	70	
500	GL Forest	$20½	20½	20½	+¼
160	Gt Pacific	$32¾	32¾	32¾	+1¼
500	N Group A	$9¾	9¾	9¾	-¼
5300	Hrding A I	170	145	170	+20
1125	Hawker	$20½	20½	20½	-⅛
1594	Hayes D	$10¾	10¼	10½	
29050	Hees Intl	$21⅜	21⅜	21½	-⅛
7210	H Bay Co	$20½	20⅛	20⅛	-½
12739	Imasco	$26⅝	26⅛	26½	+½
1800	Indal	$15¾	15½	15½	
2025	Inland Gas	$20	18⅞	20	+⅛
10600	Intl Thom	$8⅞	8⅞	8⅞	
2228	Intpr Pipe	$42⅛	41⅞	42	
5000	Ipsco	$14¼	14¼	14¼	-⅛
600	Ivaco B	$19¾	19¾	19¾	-¼
2200	Jannock	$14¾	14⅝	14¾	
1060	Kerr Add	$18⅞	18¾	18⅞	-⅛
9650	Labatt	$26⅞	26½	26⅞	+¼
17069	Lac Mnrls	$27⅞	27½	27⅞	-⅛
100	LOnt Cem	$13	13	13	-¼
3700	Lacana	$10⅞	10¾	10¾	
413	LL Lac	$60½	60½	60½	
848	Lumonics	$20⅞	20⅞	20⅞	-⅛
2000	MDS H A	$10⅛	10⅛	10⅛	-⅛
2800	MICC	315	310	310	
7200	Mclan H X	$14¾	14¼	14¼	
2800	Maritime I	$16	15½	16	+1
13390	Merland E	365	350	355	-3
4882	Molson A I	$17	16⅞	16⅞	+⅛
200	Molson B	$17	17	17	
375	Nabisco L	$27¼	27¼	27¼	-¼
20430	Noranda	$15⅝	15⅜	15½	+⅛
3525	Norcen	$15⅝	15⅜	15½	+¼
26510	Nva AltA I	$6⅜	6¼	6⅜	
100	Nowsco W	$19¼	19¼	19¼	+⅛
10206	NuWst sp A	39	39	39	-5
4000	Oakwood	$7¾	7¾	7¾	
4890	Oshawa A I	$30	29⅝	30	+⅜
7700	Pac W Airln	$13½	13⅜	13½	
900	PanCan P	$32½	32¼	32½	+¼
3000	Pembina	310	18	18	
3500	Phonix Oil	$9¾	8¾	8¾	-⅛
16050	Pine Point	$24¼	24¼	24¼	
12600	Placer	$24	23⅜	23½	-⅜
1700	Que Sturg o	370	370	370	+15
200	Ram Pet	$6½	6½	6½	+⅛
2600	Redpath	$12⅞	12¼	12¼	
3700	Rd Stenhs A	$22	21¾	21¾	-¼
0	Rogers A	$11	11	11	
500	Roman	$9¾	9⅝	9¾	+⅛
150	Rothman	$38½	38½	38½	
2540	Sceptre	$5½	5½	5½	+⅛
2253	Sears Can	$9¾	9½	9⅝	-⅛
14973	Shell Can	$26⅜	25⅞	26⅜	+⅞
26412	Sherritt	$8⅞	8⅞	8¾	
300	Slater S I	$12½	12¼	12¼	
8500	Southm	$57¼	57	57¼	+¼
22100	Spar Aero I	$27⅞	27½	27⅞	-⅛
5629	Stelco A	$20	19⅞	19⅞	-⅛
1500	Sulpetro	250	240	240	-15
11013	Sydney o	28	27	27	-1
500	Talcorp	94	94	94	
360	Teck Cor A	$13⅛	13⅛	13⅛	-¼
29466	Teck B I	$14⅛	13¾	13¾	-¼
4436	Tex Can	$32	31¼	32	+1
2600	Thom N A	$20⅞	20⅝	20¾	-⅛
32237	Tor Dm Bk	$23½	23⅛	23¼	-⅛
133670	Torstar B I	$27	26½	27	
2100	Traders A I	$23	22⅝	22⅞	-¼
3680	Trns Mt	$11¾	11⅝	11⅝	+½
530	Trinity Res	365	360	365	
11494	TrnAlta UA	$26⅛	25⅝	26	
10989	TrCan PL	$26⅜	26⅜	26¼	-⅛
116723	Trimac	445	435	435	
13888	Trilon A	$22¾	22⅝	22⅞	-¼
6900	Turbo I	50	50	50	
1000	Un Carbid	$11⅝	11¾	11¼	
6200	U Entprise	$11¾	11⅝	11⅝	
100	U Keno	$8⅝	8⅝	8⅝	-¼
500	U Siscoe	80	80	80	-3
3500	Verstl A I	495	490	490	-5
20000	Westfort o	8	8	8	
12600	Westmin	$13¼	13¼	13¼	+⅛
60	Weston	$84	84	84	-½
5100	Woodwd A	$18¾	18½	18¾	+⅛

Total sales 5,335,633 shares

MONTREAL

Closing prices June 21

Sales	Stock	High	Low	Close	Chng
22205	Bank Mont	$29½	29¼	29½	+⅛
1801	BombrdrA	$13⅞	13¼	13⅞	+⅜
47110	BombrdrB	$13⅛	13	13	
1800	CB Pak	$19¾	19½	19¾	+¼
2250	Cascades	$13⅞	13⅝	13¾	
25342	ConBath	$16¼	16¼	16¼	
2706	DomTxtA	$11⅛	11	11⅛	+⅛
78510	Gaz Metro	$11⅝	11½	11⅝	+⅛
100	MntTrst	$16¾	16¼	16¾	+¼
38882	NatBk Cda	$20⅜	20⅛	20⅛	-⅛
21665	Power Corp	$17¾	17⅝	17¾	
1600	RollandA	$21	20¾	21	+⅝
200	RollandB	$21½	21½	21½	+1
16152	Royal Bank	$30⅜	30	30⅛	-⅛
1000	RoyTrstco	$21	21	21	+½
1000	SteinbrgA	$40	40	40	+½

Total Sales 1,824,891 shares

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 37

Stock	Sales (Hnds)	High	Low	Last	Chng
NrstBs	231	38	37½	38	+¼
Norstan	26	7	7	7	-¼
NestSv	409	13⅛	12⅝	12⅞	
NwNG 1.44	298	19⅝	19½	19⅝	+⅛
NwtFns .68	0	30½	30½	30½	
NwNLs .60	135	28⅝	28⅝	28⅝	
NwstPS 2.16	42	23⅝	23⅝	23⅝	
Novell .92	409	55¼	54⅞	55⅛	-⅛
NuclPh	152	8½	8	8⅛	+⅛
Numrax	170	7⅞	7⅝	7⅝	-½
Numeric .88	2	27	27	27	
NutriF	40	8½	8¼	8½	+⅛
NuMeds	53	10½	10¼	10⅜	-¼
O O					
Oceaner	34	2 5-16	2¼	2¼	-⅛
OcilRes	258	16¼	15¾	16¼	+½
OgilGp 1.08	580	44¾	44	44	-⅞
OhioCa 2.80	391	60¼	60	60¼	
OldKnts 1	120	30	29⅝	29⅝	+¼
OldRps .74	115	35	34¾	35	-¼
OldSplC 2.80	0	21¾	21½	21¾	-⅛
OneBcp .29e	122	21¼	20¾	21¼	+¼
OnLine	412	7¾	7	7¼	-⅛
OpticC	61	14½	14	14½	+⅜
OpticR	241	42	41	41	-¾
Orbanc	7	16⅞	16⅞	16⅞	+⅛
Orbit	400	8½	8⅜	8½	+⅛
OrfaCp	1	4⅜	4⅜	4⅜	-½
OttrTP 2.76	117	33⅜	33	33	-⅛
OvrExp	0	12½	12¼	12¼	
OwenM .40	249	21¾	21½	21½	
Ozoco	81	1	15-16	15-16	-1-16
P Q					
PNC 2.32	55	81½	81¼	81¼	-⅛
Paccar 1.20a	379	42	41	41¼	-⅞
PacFst	113	12⅝	12⅝	12⅝	
PacTel .80	92	13¼	13	13¼	+¼
PacoPh	308	13⅛	12⅝	13⅛	+½
PancMx .13	143	8¼	7⅞	8	+⅛
Panaph	856	22⅝	21⅝	22⅝	+⅝
ParkOh .00	85	13⅜	13½	13⅞	
PatrtM	31	7¼	7⅛	7¼	
PaulHr 1	60	11⅝	11⅝	11⅝	
PaulPt	2	10⅛	10⅛	10⅛	-⅛
Paychx	28	14¼	13¾	14	-¼
PeakHC	244	15½	15¼	15½	
PearlH	70	24	23⅝	24	
PegGld .06t	183	8⅜	8¼	8⅜	+⅛
PennEn 2.20	7	34¼	34¼	34¼	-½
Pentars .68	113	25⅜	25	25	
PeopEx	534	10¼	9⅞	10⅛	+⅛
Petrite 1.12	153	27¼	26½	27¼	+¼
Phrmct	449	8⅝	8¼	8½	+⅛
PSFS .05e	352	10⅛	10	10¼	-⅛
PhilGl .50e	625	15⅛	15	15⅛	
PhrnAm	43	3⅛	2⅞	3⅛	
PicSav	140	25½	25⅜	25⅜	
PicCafe .60	19	22½	22⅛	22½	-⅛
PionHi .92	505	34¾	34¼	34¾	+¼
PionSts .12	180	8	7⅞	8	+¼
PoFolk	17	10⅜	10⅛	10⅜	
PlcyMg	1205	21¾	21	21½	
Porex	218	26½	26	26⅛	-⅜
Powell	103	3¼	3⅛	3 3-16	+1-16
Powrtc	98	10	9½	10	+½
PwConv	2	8¼	8¼	8¼	
PrecCst .12	58	33	32½	32⅞	
PrpdLg	79	5½	5¼	5¼	
Priam	410	3½	3	3¼	-¼
PricCms	10	12⅛	11⅞	11⅞	-¼
PriceCo	241	62½	61	62½	+1½
Prtronx	347	9½	9¼	9½	+¼
ProdOp .10	20	4⅜	4⅜	4⅜	
ProgCs	34	33¾	32¾	33¼	+½
PropTr 1.20	9	13⅜	13⅛	13½	
Provin	118	17⅞	17½	17⅞	+¼
Pulitzn	059	8¼	8¼	8⅞	
PortBn .40	42	22½	21⅝	22	
QMSs	500	8⅝	8⅜	8⅝	+⅛
Quadrx	51	8⅝	8⅛	8⅝	+⅛
Quantm	1734	32¼	21	23	+2¼
QuestM	29	6⅞	6⅞	6⅞	-⅛
Quixote	317	10	9⅝	9⅝	-¼
Quotrn	1638	11¼	11⅛	11⅛	-⅛
R R					
RAX .01e	71	8½	8	8	
RPMs .58	15	18¼	18	18¼	
RadSys	189	9½	9⅛	9⅜	
RadmT	126	12¾	12¼	12¼	-¼
Radion	13	7¾	7¾	7¾	-¾
Ragen	12	5⅛	5¼	5½	
Rainrs 1	454	29	28⅝	29	+¼
RayEn .24	1	16½	16½	16½	
Reading	4	10⅛	19½	19½	-¼
Recotn	195	8¼	8	8¼	+¼
RedknL .84	7	28	28	28	
Reeves	723	12¼	13	12⅛	+⅛
RgcyEl .20	78	3½	5⅜	5½	+⅛
Regina .12	13	16	13½	15¼	
Reliab	41	3	4⅞	3	+⅛
RpAuto .44	74	8	7⅞	8	
RpHlth	1094	10½	10	10⅝	+⅝
RestrSy	37	13	14⅞	15	-¼
Reuterl .15e	156	10⅜	10¼	10½	+⅛
ReutrH .23e	80	24	23⅞	23⅞	-⅛
ReyRey 1.24	194	39½	38½	39¼	+⅛
Rhodes .24	10	14½	13⅞	14	+⅛
Ribilms	70	8⅝	7⅞	8	-⅛
Rival .80	147	14½	14¼	14½	+⅛
RoadSv 1	424	28⅜	28¼	28½	
RobNug .08	4	13⅛	13	13	-⅛
RobVsn	97	11¼	11	11¼	+⅛
Rouses .54	36	23⅛	23⅛	23⅛	+¼
RoyPlm	24	12⅝	12⅛	12⅝	+¼
RoylRs	100	4⅞	4⅝	4⅞	
RustPel	34	17⅛	17	17⅛	+⅛
RyanFs	70	17	16½	16¾	-¼
S S					
SAYInd	32	16½	15¼	13⅞	
SCI Sy	321	11¾	11¼	11½	-⅛
SEI	20	17½	17¼	17¼	
SFE .10r	4	8⅝	8⅝	8⅝	+⅛
SRI .68	25	18	16⅞	18¼	
Safecds .20	34	17½	17⅜	17⅛	-⅜
Safeco 1.60	327	41⅛	40¾	40⅞	-⅜
SaftKth	22	21	21	21	-¼
StJude	29	13½	13¼	13¼	-¼
StPaul	3x487	70⅝	70¼	70⅜	-⅛
SalCpt	157	5¼	5⅛	5⅞	
SanBar .05r	20	8⅝	8⅝	8⅝	-⅛
SatelSy .12	3	6⅜	6⅜	6⅜	
SavnF 1.60a	3	39⅜	39⅜	39⅜	
SvBkPS .84	65	30⅝	30½	30⅝	
ScanOp	37	7¼	7	7¼	
ScanTr	57	14¼	13¾	14⅛	+⅛
Scherer .32	130	11⅞	10¾	11⅞	+⅛
SchmA .40	7	20	20	20	-¼
SciMic	175	5⅛	3	5⅛	+⅛
SciSft	3	8¼	8¼	8¼	-⅛
Scitex	393	14¾	14¼	14¼	-½
SeaGal	24	6⅞	6⅝	6⅞	+⅛
Seagate	4440	5⅞	5¼	5⅝	+⅛
SecTag	33	2⅝	2¼	2⅝	
SEEQ	207	2⅛	1⅞	1⅞	-¼
Seibel .60	7	18¾	18¾	18¾	-½
Sensor .05	637	7¼	7	7⅛	+⅛
SvcMer .08	414	14½	14¼	14⅜	-⅛
Svmats	605	20⅝	19⅝	20⅝	+⅛
Servico 1	13	22¼	22¼	22¼	-¼
SvcFrct	101	5⅜	4⅜	4⅜	-¾
SevOak .10	68	14¼	13¾	14¼	+½
ShrMed .40	x1457	29¼	28⅞	29⅛	-⅛
Shwmts 1.68	195	37⅜	37½	37⅝	
Shelbys .10	107	15⅝	15⅛	15⅛	-⅛
Sheldls	191	10¼	10	10¼	
Shoneys .13	010	30⅝	30⅛	30⅝	+⅜
ShonSos	83	13¼	13	13	-⅛
Silicon	388	6¾	6⅛	6⅝	-⅝
SiliconS	100	10⅜	10⅛	10⅞	+¼
SilicVal	117	13¾	13¼	13¾	+1
Siltcnx	9	17½	17¼	17¼	
Siltec	27	5⅜	5⅛	5⅜	
Simpin .80	62	14⅝	14⅝	14⅝	
Sippins	25	14⅝	14	14⅝	+½
Sizzler	08	23¼	22⅝	23	
Skipper .08	13	10¼	10	10	-¼
SmithL	123	2¾	2⅝	2⅝	
Society 1.84	162	47	46¼	46⅝	+½
SoctySv	188	17⅝	17¼	17¼	-⅛
Softech	18	7⅝	7⅝	7⅝	-⅛
SoftwA	850	16⅛	15⅞	16⅛	+½
SonocPs	48	24¼	23⅞	24	-¼
SonrFd .30e	212	22	21⅞	22	
SoHosp	72	5⅛	5	5¼	+⅛
SthdFn .52	385	24⅝	24¼	24⅝	+⅛
Soutrst 1	x271	17⅛	17⅛	17⅛	
Sovrgn .10	462	6⅜	6⅜	6⅜	+⅛
Sovran 1.88	170	44¾	44⅞	44½	-⅛
Specdy	597	16½	16¼	16½	
Spctran	495	27¼	26⅞	27⅛	+⅞
SpecCtl .06	169	6⅜	6⅛	6⅜	+¼
Spire	01	14⅜	14⅛	14⅜	
StarSrs	70	7¼	7	7	-¼
StatBld .20	55	6⅛	5⅞	6⅛	+¼
Standys 1	141	29⅞	28½	29⅞	+⅜
StdMic	1657	13⅝	12⅝	13⅝	+⅛
Stanhos 1.20	52	23¾	23½	23⅝	-⅜
StaStB 1.20	135	68¼	68	68¼	+¼
StateG .15b	106	4⅞	4¾	4⅞	
Steiger	41	5¼	3	5	
StewStv	122	14	13⅝	14	+⅝
Stwinf .72	x4	23⅜	23⅜	23⅜	-¼
Stifel	39	6⅝	6¼	6⅝	
Stratus	675	15¼	14⅜	13	
StrwCls	205	32½	29½	32½	-¼
Stryker	13	33	32¾	32⅞	+⅛
Subaru 1.00	33	146	144½	146	+1½
SubrB 1.92	44	82¼	81⅝	82	-¼
Summa	268	2 15-16	3 13-16	2 15-16	+1
SumtHl .09e	364	12⅝	12⅛	12⅝	+⅛
SunCst	82	1⅜	1 5-16	1 5-16	-1-16
SunMed	11	8¾	8⅜	8⅝	-¼
SunSL 1	182	5⅞	5⅝	5⅞	
Sykes	147	11-16	⅝	11-16	+1-16
SymbT	82	10⅛	10⅛	10⅛	
Syncor	10	4	3⅞	4	-⅛
Syntech	258	11⅞	11¼	11½	-½
Syntrex	67	3½	3⅜	3⅜	-⅛
Syscon .28	21	10	15⅜	10	
SyAsoc	4	24	23½	23½	
Systin	170	5⅛	4⅞	4⅞	-⅛
Sysinig	0	7¾	7¾	7¾	
SystGn	85	6¾	5⅝	6¾	+⅛
Systmt .04	3	21	21	21	
T T					
TBC	3	10½	10½	10½	
TCA Cb .12	1	22¼	22¼	22¼	+¼
TacViva	13	5⅞	5⅞	5⅞	-⅛
Tandem	3617	17	16½	17	+¼
Tandon	1382	4⅜	4¼	4¼	
Telco	60	13⅜	13¼	13⅜	+¼
TlcmA 1	468	30⅞	30⅝	30¾	+⅛
TelPlus	222	8	8⅞	8	
Telecrd .32	74	15¼	14½	14⅞	-¼
Telepict	803	28⅜	27½	27¾	-¼
Telvid	467	2¾	2½	2⅝	-⅛
Telabs	317	15	14⅜	14⅜	-¼
Telxons	s148	14⅜	13¾	14¼	
TermDt 1	201	5⅜	5¼	5¼	-½
Textne .25e	8	18⅞	16⅞	18⅞	
TherPr	57	10⅜	10	10	-⅛
Thrmds	93	14⅛	13⅞	14⅛	+⅛
ThrdNt 1.28	74	47¾	47½	47⅝	+⅛
Thortec	74	6⅝	6⅜	6⅝	-⅛
ThouTr	1013	14⅛	13½	14	-⅛
TimeEs	700	7¾	7½	7⅝	+¼
TmeFib	2	11⅝	11¾	11⅝	-⅛
Tiprary	11	½	½	½	-1-16
Tolu	137	24⅞	24¼	24⅝	-⅜
TotlSys	6	27	25	27	+1½
TrakAu	5	13	13	13	
TriadSy	166	7	6¾	7	+⅜
TrusJo .40	21	27¼	26½	26½	
TBkGa 1	145	37	36¾	36¾	-¼
U U					
UTL	37	22½	22¼	22½	+¼
Ultrsy .06e	1476	6½	6	6½	+⅜
Ungmn	1688	12⅝	11⅞	12¼	+⅜
Uniff	10	10	9¾	9¾	-¼
UnPlntr 1.09t	117	26¼	25½	25½	-¼
UnTrBc 2.40	182	78	74½	76	
UACms .06	154	18⅜	18¼	18½	-⅛
UBAlsk .15r	40	10⅛	9⅞	9⅞	
UBCol 1.68	314	26¼	26	26⅛	
UFnGrp	32	7¼	7	7¼	+¼
UFstFd	248	17	16½	16⅞	
UGrdn 1.64t	44	11⅝	11⅜	11⅜	-⅛
UPresd	65	12⅛	11⅞	12⅛	+¼
US Ant	172	3⅜	3⅜	3⅜	
US Bcp	f1100	28¾	28½	28⅝	+⅛
US Cap	41	3½	3⅜	3½	
USDsgn	101	2⅞	2¾	2¾	+1-10
US HCs	822	37¼	36	37¼	+1
USShlt .12e	x80	4¼	4⅛	4⅛	-¼
US Sur .20e	1665	18⅛	17⅝	18⅛	+⅞
US Trs 1.20	32	34½	34	34	-¼
UStatn .20	x9	20½	19¾	19¾	-½
UnTelev	11	22¼	22¼	22¼	
UVaBs 1.64	212	48¼	40	48¼	+¼
UnvFrn	38	21	20½	21	+½
UnvHlt	756	19½	10	19¼	
UFSBk	47	11¼	11	11¼	-½
UrgeCr	73	4½	4⅜	4½	+⅛
Uscale .21e	113	5⅛	4⅞	5	
V V					
VLI	414	7¾	7½	7½	-⅛
VLSI	440	12¼	12	12¼	+¼
VMX	416	5⅜	5	5⅜	+⅛
VSE .16e	1	8½	8½	8½	-⅛
ValidLg	1956	8	7½	7⅝	
ValFSL	013	19⅞	18¾	18¾	+¾
ValNtl 1.20	261	40¼	39⅞	39⅞	-⅜
ValLn .40	2	22¾	22¾	22¾	-½
VanDus .40	525	13¾	10	13¾	+½
Vanzeti	36	7¼	7	7	
Ventrex	283	3¾	3½	3½	-¼
Vicorp .09e	118	25⅜	25¼	25⅜	+⅛
VledeFr .22e	165	8	8⅞	8	
Viking	33	12	11⅝	11¾	-¼
Viratek	69	19¼	18½	19	
Vodavi	317	10¼	9¾	10¼	+¼
VoltInf	251	15½	15	15	
W W					
WD 40 .88	15	20¼	19½	20	
WalbCs .24	x136	14½	13¾	14	+¾
WlkrTel	155	7⅛	6⅞	7	-¼
WshE 1.76	166	22¼	21⅞	22⅛	+¼
WFSLs	x161	23	22⅛	22⅞	
WMSB	87	14¾	14½	14⅝	
Wavetk	23	7¼	6⅞	7¼	+⅜
Webbs .36	64	13½	13¼	13½	-¼
WestFn	26	14	14	14	-⅛
WstFSL	323	14⅛	13¾	13¾	-¼
WMicTc	60	7	6½	6¾	+¼
WtTlAs	190	25⅛	24½	25⅛	+¾
WmorC .40	70	17	16½	16¾	-¼
WstwCs	34	14¾	14½	14¾	
Wettra .88	162	27⅞	27½	27½	
Wicat	236	6⅞	3⅝	3¾	-⅛
Widcom	629	8½	7¾	8¾	+⅛
Willmt 1.65	101	37¾	37¼	37¾	+¼
WillAL	157	12⅞	12⅛	12⅛	-⅛
WmsSn	100	17	17	17	
WlsnF	136	8	7⅞	8	
Windmr .07	146	7	6¾	6¾	
WinoEn	131	8⅛	7¾	8	-¼
WiserO .60	158	15⅝	18¼	18⅜	-⅜
Woodhd .60	14	13¾	13¼	13¾	-¼
Worthg .64	100	28½	28¼	28¼	-¼
Writer .15e	2	8½	8½	8½	+⅜
Wyman .80	84	23½	23¼	23¼	+¼
X Y Z					
Xebec	301	3⅝	3⅜	3⅜	+⅛
Xicor	288	7	6½	7	+¼
Xidex	35108	13⅛	12½	15⅛	+½
YlowFt 1	473	37¼	37	37¼	-¼
ZenLbs	1091	23¼	22⅝	23⅛	+⅝
Ziegler .48a	1	11½	11½	11½	-⅛
ZionUt 1.24	27	35	34¾	34¾	+½
Zisel	25	2¾	2½	2¾	+¼
Ziyad	3	4½	4½	4½	
Zondvn .08t	54	10	9¾	9⅞	+⅛
Zymos	874	2¾	2⅝	3 11-16	+1-16
vjZytrx	00	7-16	9-32	9-32	-1-16

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr 2½pc IL 2020	£92¾	+¼
Berisford (S&W)	174	+ 7
BAe	360	+15
BP	533	+10
Cropper (James)	135	+15
Debenhams	388	+ 8
Edinburgh Oil	45	+ 8
Gem Expln & Min	86	+20
Lasmo	258	+10
Midsummer Inns	175	+15
Stewart Plast	117	+ 7
Thermal Scient	290	+15
Volex	173	+13

FALLS

Tr 10pc Cnv 1990	£96¾	-¼
AB Electronic	295	- 10
Bell (Arthur)	235	- 15
Craig & Rose	700	-200
Dares Estates	8	- 4
Legal & General	703	- 15
Midland Marts	85	- 19
Utd Scient	177	- 10
Vosper	265	- 15
Waverley Cam	145	- 7
Westland	70	- 8
Wolv Stm Laund	44	- 44

NYSE COMPOSITE PRICES

Continued from Page 37

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
31⅞	22¾	WilliamI .40		4.2	7	424	29	28⅞	28¾	-⅛
3½	2	WlmEl				171	5	4⅞	4⅞	+⅛
6½	6⅛	WlshrO .12		1.3	13	15	6⅞	6¾	6¾	-⅛
35¾	27½	WinDix 1.68		4.7	13	113	35⅜	35⅜	35¾	-½
20⅞	7¾	Winnbg .20		2.0	8	1086	10⅛	9¾	10	
13⅜	5⅜	Winner			41	43	6¾	6⅜	6⅝	-⅛
7¾	3¾	WinterJ				5	6½	6½	6½	+⅛
35⅜	27⅞	WiscEP 2.48		6.5	0	1500	38⅜	37½	37⅞	-¼
88½	69	WisE pf 8.90		10.		z20	88	00	88	
26	23⅜	WisG pf 2.55		10.		5	25½	25½	25½	+⅛
36½	25¾	WiscPL 2.84		7.3	6	85	36⅞	35⅝	36¼	+¼
37⅞	27¼	WiscPS 2.56		6.9	9	147	37	36⅞	37	+⅛
40½	27⅝	Witco 1.48		4.2	6	56	35¼	34¾	35	+½
15¼	9½	WolvrW .24		2.8	3	438	10⅜	10⅜	10⅝	+⅛
23⅜	18⅜	WoodPt .80		3.7	16	170	21⅞	21⅜	21⅝	-⅛
47½	32⅜	Wolwth 2		4.3	18	440	46¾	46¼	46⅝	-¼
4⅞	2⅜	WrldAr				14	3⅝	3⅝	3⅝	+⅛
69⅞	53	Wrigly 1.80a		2.0	18	42	u70¼	69¼	70¼	+⅞
5⅝	2⅞	Wurltzr				35	3	5	5	
18	10⅜	WyleLb .32		2.8	12	37	11⅛	10¾	11⅛	+¼
23⅜	16⅜	Wynns .60		3.6	7	34	17⅛	16¾	16¾	-⅜
X Y Z										
50⅞	33¼	Xerox 3		5.9	21	0138	u51	50⅛	50⅞	+½
30¼	24	ZaleCp 1.32		4.7	9	26	28¾	28⅛	28⅛	-⅜
21½	9⅞	Zapata .84		6.0	18	1249	12	d	9⅜	9½
00	25	Zayre s .48		.9	10	100	55	54⅝	54⅞	
30	18⅛	ZenithE			7	434	19⅝	19¼	19⅜	-⅛
21⅞	15⅝	Zero u .32		1.8	15	228	18¼	17¾	18	+⅛
35¼	22	Zurnln 1.32		3.8	12	14	34½	34¼	34⅜	+⅛

Indices

NEW YORK-DOW JONES

	June 24	June 21	June 20	June 19	June 18	June 17	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,316.08*	1,324.48	1,299.73	1,297.38	1,304.77	1,298.39	1327.28 (6/6)	1184.96 (4/1)	1327.28 (6/6/85)	41.22 (2/7/32)
Transport	643.26*	649.58	638.94	639.28	643.38	639.86	658.83 (6/6)	553.03 (4/1)	658.83 (6/6/85)	12.32 (8/7/32)
Utilities	164.80*	166.85	164.55	164.55	165.37	164.65	166.85 (21/6)	146.54 (4/1)	166.85 (21/6/85)	10.5 (28/4/42)
Trading vol		125.4m	87.5m	108.2m	106.3m	82.1m	-	-	-	-

	June 14	June 7	May 31	Year Ago (Approx)
Ind Div Yield %	4.71	4.66	4.65	4.98

STANDARD AND POORS

	June 24	June 21	June 20	June 19	June 18	June 17	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	207.92*	208.95	206.73	205.62	206.45	205.61	211.13 (6/6)	128.24 (4/1)	211.13 (6/6/85)	3.62 (30/6/32)
Composite	188.40*	189.66	186.73	186.53	187.34	186.53	191.06 (6/6)	163.68 (4/1)	191.86 (6/6/85)	4.40 (1/6/32)

	June 19	June 12	June 3	Year Ago (Approx)
Ind div yield %	3.88	3.77	3.71	4.19
Ind. P/E Ratio	11.65	11.54	11.70	10.96
Long Gov Bond Yield	10.22	10.31	10.85	13.51

N.Y.S.E. ALL COMMON

June 24	June 21	June 20	June 19	1985 High	1985 Low
109.25*	109.85	108.46	108.45	110.60 (6/6)	109.43 (4/1)

RISES AND FALLS

	June 21	June 20	June 18
Issues traded	2,004	2,007	2,030
Rises	1,026	709	813
Falls	534	800	793
Unchanged	444	498	424

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Dow Chem	3,864,200	34⅝	-⅛
ATT	2,053,300	xd24	-½
Am Hsp Sup	1,971,200	38¼	+1⅛
Hosp Cp Am	1,489,200	48¾	+⅞
Bankers Tr	1,189,500	68½	-½
Pa St Pwr	1,092,100	50⅝	-⅛
United Tec	947,200	39⅝	-1⅛
Citicorp	913,400	xd47⅛	+⅛
AMF	885,800	18⅝	-⅛
IBM	883,000	120⅝	+1⅛

Advances 583 Declines 938

TORONTO

	June 24	June 21	June 20	June 19	1985 High	1985 Low
Metals & Minls	1,875.1*	1,886.2	1,884.3	1,887.2	2190.7 (13/2)	1896.9 (4/1)
Composite	2,699.3*	2,701.4	2,691.7	2,703.7	2766.1 (5/6)	2348.5 (8/1)
MONTREAL Portfolio	n/a	132.84	121.63	132.40	135.58 (5/6)	117.60 (4/1)

* Indicates pre-close figure

	June 24	June 21	June 20	June 19	1985 High	1985 Low
AUSTRALIA All Ord. (1/1/80)	857.4	853.7	854.2	851.5	864.5 (20/6)	715.3 (7/1)
Metals & Minls. (1/1/80)	515.5	507.4	513.3	511.7	585.3 (20/6)	482.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	102.54	104.35	103.88	104.07	105.75 (17/6)	85.21 (24/1)
BELGIUM Brussels SE (1/1/80)	2327.45	2352.53	2355.39	2333.31	2384.12 (5/6)	2090.7 (16/1)
DENMARK Copenhagen SE (1/1/83)	183.80	183.54	183.82	183.12	186.82 (20/6)	156.44 (8/1)
FRANCE CAC General (11/12/82)	(u)	225.6	224.1	223.3	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	123.6	127.4	128.1	125.5	130.4 (31/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	484.81	485.46	478.43	475.76	484.81 (24/6)	382.38 (3/1)
Commerzbank (1/12/53)	1429.0	1427.1	1417.7	1405.5	1429.0 (24/6)	1111.8 (3/1)
HONG KONG Hang Seng Bank (31/7/64)	(c)	1561.15	1542.15	1510.28	1647.88 (17/5)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	336.75	338.06	333.86	337.10	357.16 (12/6)	228.53 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12785.3	12834.7	12978.8	12771.8	12790.8 (30/5)	11545.2 (8/1)
Tokyo SE New (4/1/68)	1017.2	1016.64	1015.62	1015.65	1015.85 (12/3)	916.85 (4/1)
NETHERLANDS ANP-CBS General (1970)	210.6	209.8	208.8	210.1	214.5 (7/3)	185.5 (3/1)
ANP-CBS Indust (1970)	174.4	174.9	173.8	175.6	178.8 (11/6)	147.8 (3/1)
NORWAY Oslo SE (4/1/83)	326.27	324.24	323.61	325.80	345.97 (3/5)	255.10 (2/1)
SINGAPORE Straits Times (1966)	782.44	784.66	(c)	782.56	882.85 (7/3)	764.59 (16/1)
SOUTH AFRICA JSE Gold (28/9/78)	—	1060.5	1005.4	1025.0	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	577.7	572.6	570.8	577.7 (21/6)	767.1 (7/3)
SPAIN Madrid SE (29/12/84)	105.50	105.61	105.79	105.45	117.41 (4/2)	101.40 (2/1)
SWEDEN Jacobson & P (1/1/58)	1514.77	(c)	1516.47	1517.48	1655.36 (11/2)	1315.30 (18/3)
SWITZERLAND SwissBank Cpn. (31/12/58)	446.5	457.8	455.8	454.4	460.5 (24/6)	386.7 (5/1)
WORLD Capital Intl. (1/1/70)	—	212.7	211.5	212.8	214.5 (7/6)	184.8 (4/1)

** Saturday June 22: Japan Nikkei-Dow 12,729.8. TSE 1,016.03.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—364.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Prices at 3pm, June 24

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	18	AAR	.48	2.6	14	85	18½	18½	18½	+⅛
18¼	9⅜	AGS			12	404	14	13¾	13¾	−¼
21⅞	13¾	AMF	.50	2.7	56	8831	18⅝	18¼	18⅝	−⅛
48⅛	24¼	AMR			10	3031	44⅝	44¼	44⅜	−¾
22⅞	16¾	AMR pf2.18		9.8		5	22½	22¼	22¼	−⅛
25⅞	22⅞	ANR pf2.67		11.		9	23⅞	23½	23½	−¼
14¼	7¾	APL				14	8⅜	8¼	8¼	−⅛
61⅛	44⅜	ASA	2	4.0		126	50⅛	49⅝	50	
27	12½	AVX	.32	2.4	11	165	13⅛	13	13⅛	+⅛
27	18	AZP	2.72	10.	8	1301	u27⅛	26¾	27⅛	+⅜
57¼	36¾	AbtLab 1.40		2.4	17	1313	u57⅞	56⅝	57⅞	+¾
25⅞	18	AccoWd .50		2.2	17	x407	22⅝	22¼	22⅝	+½
24¾	12⅛	AcmeC .40		2.7		116	15¼	15	15	−⅝
10½	7⅝	AcmeE .32b		4.0	10	9	8	8	8	
17½	15	AdaEx 1.92e		11.		54	17⅜	17⅛	17⅜	+⅛
20	11⅞	AdmMl .32		1.9	7	29	16⅞	16¾	16¾	−¼
19½	8⅝	AdvSys .53t		4.7	18	48	11⅛	11¼	11⅛	+⅛
41¼	22⅛	AMD			11	5551	28¼	24¼	28	+1⅛
12¾	6⅞	Advest .12		1.4		75	8⅝	8⅝	8⅝	+⅛
14⅝	9	AerFlex			13	280	13⅜	12⅞	13	+¼
47	27¼	AetnLf 2.64		5.7	34	1048	46⅛	45⅞	46	−¼
57⅜	52⅜	AetL pf5.79e		16		4	55⅜	55⅜	55⅜	+⅛
37⅜	17⅞	Ahmns 1.20		3.5	14	330	34½	33⅝	33⅞	−½
3⅜	2½	Alleen				4	3	2⅞	2⅞	−⅛
54	38⅝	AirPrd 1.20		2.2	12	101	54	53⅝	53⅝	−⅝
24⅝	13	AirbFrt .60		3.0	11	23	20⅛	19⅞	20	
3	1	AlMoa s				239	1¾	1⅝	1¾	

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		O O O								
5⅝	1⅛	OakInd				659	1¾	1½	1½	−¼
36	23½	OakiteP	1.52	4.8	11	8	31⅜	31⅛	31⅜	
34¾	23⅛	OccIPet	2.50	7.4	11	2634	33⅝	33¼	33⅝	+⅛
14⅝	9⅛	OccIP wt				250	13½	13½	15⅛	
24¼	20¼	OccIP pf2.50		11.		2	23½	23½	23½	+⅛
21	17⅛	OccIP pf2.12		10.		3	20½	20½	20½	+⅛
22½	18⅝	OccIP pf2.28		10.		1	22	22	22	−⅛
57	48⅝	OccIP pf6.25		11.		74	56⅝	56¼	56⅝	+⅜
113	105⅝	OccIP pf15.50		14.		394	108½	108⅜	108½	+⅛
108¼	101¼	Occi pf14.62		14.		0	107⅛	107	107	
112	128	OccIP pf 14		12.		z30	u112½	112½	112½	+½
32⅝	20	ODECO	1	4.8	15	221	21	20¾	21	+⅛
61⅜	24⅛	Ogden	1.88	6.5	14	51	28⅞	28¼	28½	−⅛
15⅝	9⅞	OhioEd	1.88	12.	6	2453	15½	15¼	15½	+⅛
36½	26⅝	OhEd pf4.44		12.		z410	30⅛	35½	36½	+1¼
58½	41	OhEd pf7.24		13.		z290	57	57	57	−1
58½	43	OhEd pf7.08		13.		z280	58	58	58	
66	45	OhEd pf8.28		13.		z168	64½	64½	64½	+1½
61¾	25½	OhEd pf2.31e		7.1		600	s32⅝	32⅝	32⅝	+¾
29	18¼	OhEd pf3.88		12.		47	28¾	28¼	28¼	−¾
31⅞	21	OhEd pr3.92		12.		29	31⅜	30⅞	31⅜	+¾
16¼	11⅝	OhEd pf1.80		11.		32	16	16⅝	16	−¼
70¼	51	OhEd pf9.12		13.		z190	76	70	70	
89	76	OhE pf16.40		12.		z20	35½	85½	85½	
89¾	77	OhE pf10.76		13.		z10	88	86	86	+⅛
17¼	11¼	OhMatr	.40	5.2	14	14	12¾	12½	12½	
69½	54½	OhP pf 8.64		12.		z30	68	68	68	
109½	90	OhP pfA 14		19.		z30	109½	109½	109½	
190	98½	OhP pfF 14		13.		z30	u110.	118	118	+1
26	19⅞	PSvNH2.68		16.	6	637	27⅛			
32½	21	PSvEG2.64		8.6	0	1262	32¼	61½	31½	−1
14	18½	PSEG pr1.40		11.		4	13⅜	15¼	13¼	−½
39	28½	PSEG pf4.18		11.		z330	37¼	57¼	57¼	−¼
114⅛	102¼	PSEG pf18.44		12.		66	113¾	113¾	113¾	−⅛
23½	18⅝	PSEG pf2.43		11.		58	22	21⅜	21⅞	+⅛
68⅛	51	PSEG pf7.40		11.		z600	66	66	68	+⅛
4⅛	2⅝	Publick				20	8	3	6	
13⅜	9⅛	Pueblo	.16	1.2	19	52	15	12⅞	13	
18¾	9¾	PugetP	1.76	11.	9	262	15½	15⅝	15½	
21⅜	16⅛	PulteHm	.12	.7	24	70	10½	16¼	16½	−⅛
32¾	22¾	Purolat	1.20	5 1	40	195	25½	25⅛	25⅛	−½
10¼	5½	Pyro			7	70	7¾	7⅝	7¾	
52	29½	QuakOs	1.24	2.4	14	1048	51⅝	50⅞	51	−1

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 35

AMEX COMPOSITE PRICES

Prices at 3pm, June 24

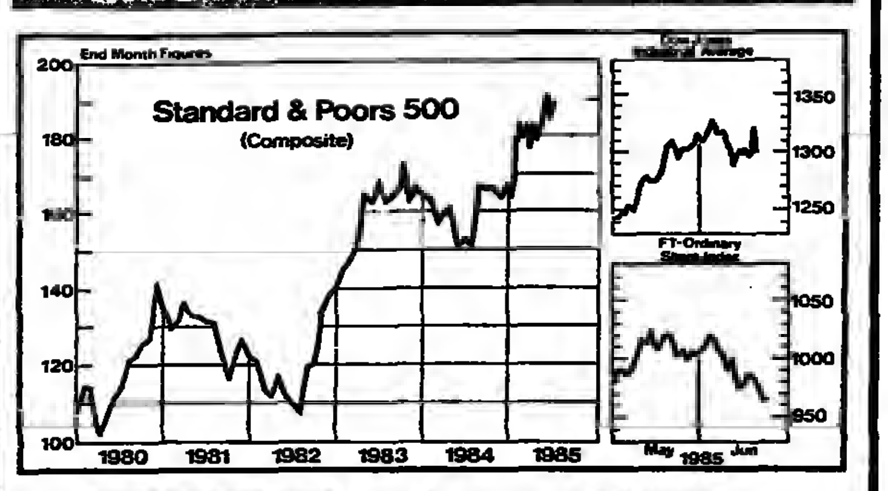
OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 35

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	June 24	Previous	Year ago
DJ Industrials	1,321.57*	1,324.48	1,131.07
DJ Transport	643.26*	649.58	475.10
DJ Utilities	164.80*	166.85	124.37
S&P Composite	188.49*	189.66	154.46
LONDON			
FT Ord	965.2	1,024.5	912.7
FT-SE 100	1,266.8	1,262.0	1,033.1
FT-A All-share	612.99	611.44	485.45
FT-A 500	668.86	666.54	528.98
FT Gold mines	440.2	440.6	657.9
FT-A Long gilt	10.57	10.56	10.91
TOKYO			
Nikkei-Dow	12,765.95	12,634.70	10,152.60
Tokyo SE	1,017.20	1,010.64	778.58
AUSTRALIA			
All Ord.	857.4	854.0	659.3
Metals & Mins.	510.5	507.4	426.0
AUSTRIA			
Credit Aktien	102.54	104.35	54.31
BELGIUM			
Belgian SE	2,327.45	2,332.93	—
CANADA			
Toronto			
Metals & Minls	1,875.7*	1,886.2	1,941.0
Composite	2,699.3*	2,701.4	2,247.6
Montreal			
Portfolio	n/a	132.04	109.95
DENMARK			
SE	193.80	193.54	182.94
FRANCE			
CAC Gen	n/a	225.6	168.3
Ind. Tendance	128.6	127.4	88.8
WEST GERMANY			
FAZ-Aktien	484.01	493.46	344.18
Commerzbank	1,429.0	1,427.1	990.5
HONG KONG			
Hang Seng	closed	1,561.13	937.38
ITALY			
Banca Comm.	336.75	335.66	208.81
NETHERLANDS			
ANP-CBS Gen	210.6	209.6	153.1
ANP-CBS Ind	174.4	174.9	121.2
NORWAY			
Oslo SE	326.27	324.24	238.9
SINGAPORE			
Straits Times	792.44	784.66	911.39
SOUTH AFRICA			
JSE Golds	–	1,000.3	984.5
JSE Industrials	–	977.7	946.5
SPAIN			
Madrid SE	106.30	106.61	86.07
SWEDEN			
J & P	1,314.77	1,316.47	1,468.28
SWITZERLAND			
Swiss Bank Ind	440.5	437.6	357.7
WORLD	June 21	Prev	Year ago
Capital Int'l	212.7	211.5	175.6

COMMODITIES

(London)	June 24	Prev
Silver (spot fixing)	474.85p	479.45p
Copper (cash)	£1,108.50	£1,114.00
Coffee (July)	£1,962.00	£2,008.50
Oil (spot Arabian light)	$26.90	$26.725

GOLD (per ounce)

	June 24	Prev
London	$315.00	$314.75
Zürich	$315.00	$313.75
Paris (fixing)	$314.40	$312.52
Luxembourg	$315.50	$322.00
New York (Aug)	$318.10*	$316.60

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	June 24	Previous	June 24	Previous
$	–	–	1.2865	1.2875
DM	3.0705	3.0645	3.95	3.945
Yen	248.8	248.1	320.25	319.5
FFr	9.3525	9.345	12.045	12.035
SwFr	2.565	2.5625	3.3025	3.3025
Guilder	3.46	3.455	4.455	4.45
Lira	1,957.0	1,955.5	2,518.0	2,519.0
BFr	61.8	61.75	79.56	79.55
C$	1.3665	1.3655	1.7585	1.75375

INTEREST RATES

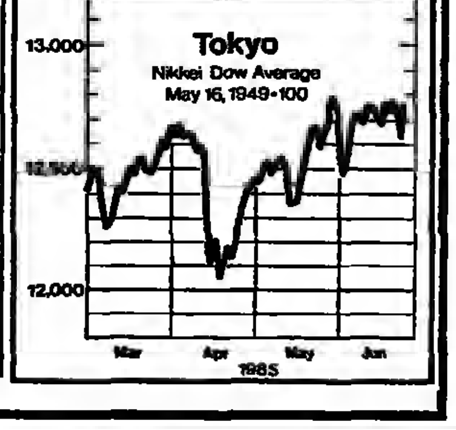
	June 24	Prev
Euro-currencies (3-month offered rate)		
£	12 9/16	12⅝
SwFr	5 7/16	5 5/16
DM	5⅝	5⅝
FFr	10½	10½
FT London Interbank fixing (offered rate)		
3-month U.S.$	7⅞	7 15/16
6-month U.S.$	8⅛	7 15/16
U.S. Fed Funds	7 9/16*	7 9/16
U.S. 3-month CDs	7.50*	7.50
U.S. 3-month T-bills	7.06*	7.03

U.S BONDS

Treasury	June 24*		Prev	
	Price	Yield	Price	Yield
8½ 1987	99 11/32	8.866	99 14/32	9.91
11⅜ 1992	106 27/32	10.308	107 3/32	10.23
11¼ 1995	105 3/32	10.399	105 29/32	10.32
11¼ 2015	105 27/32	10.614	106 3/32	10.57
Corporate	June 24*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101⅜	9.95	101⅜	9.95
3⅞ July 1990	91⅛	8.60	81⅛	8.60
8¾ May 2000	84¾	10.90	84¾	10.90
Xerox				
10⅜ March 1993	100⅝	10.60	100⅝	10.60
Diamond Shamrock				
10⅜ May 1993	100	10.70	100	10.70
Federated Dept Stores				
10⅜ May 2013	94⅞	11.30	94⅞	11.30
Abbot Lab				
11.80 Feb 2013	105⅝	11.20	105⅝	11.20
Alcoa				
12¼ Dec 2012	104⅛	11.80	104⅛	11.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75-23	75-26	75-12	76-04
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.67	92.70	92.59	92.70
Certificates of Deposit (IMM) $1m points of 100%				
Sept	91.98	92.02	91.89	92.08
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.69	91.76	91.62	91.81
20-year Notional Gilt £50,000 32nds of 100%				
Sept	110-11	110-15	110-06	110-11



WALL STREET

Fading rate cut hopes erode gains

HOPES OF AN early cut in the Federal discount rate faded yesterday as Federal funds traded above 7½ per cent and bond prices fell sharply ahead of this week's auctions of $17bn in Treasury securities, *writes Terry Byland in New York.*

Light selling was sufficient to erode some of last Friday's substantial improvement on the stock market. Prices fell away at the start of trading, reflecting technical unwinding of positions built up hurriedly in late dealing on Friday when the expiration of June options on major market indices drove up prices of the underlying stocks.

At 3.30 pm the Dow Jones industrial average was 2.91 lower at 1,321.57.

Short-term rates, which have jumped by 40 basis points since the Commerce Department surprised Wall Street by estimating second-quarter GNP growth at 3.1 per cent, held steady.

Bonds fell by three quarters of a point before three days of treasury auctions. Yields at the long end have now returned to the levels reached a fortnight ago before the discount rate hopes spurred the market.

While market analysts continue to disagree over the pace of the U.S. economy, the majority now contend that the recovery is robust enough to rule out further stimulus from the Federal Reserve, which may now turn its attention to the strong rise in money supply.

The debate on the economy will be continued this week in the light of the Commerce Department's latest economic indicators, due on Friday and on durable goods orders, expected today.

Losses in industrial stocks were widespread but mostly small. The day's bad industrial news came from United Technologies, which dropped $1⅞ to $39¼ after disclosing that second-quarter net profits would be "substantially" down. The disarray in the computer sector was reflected in workforce cuts by Silicon Valley Group which quoted the "continuing slowdown" in the semiconductor industry.

Aerospace defence stocks to weaken included McDonnell Douglas, $⅛ down at $75¾, Boeing, $¼ off at $43¼ and General Dynamics, $¼ down at $74⅛.

At $75½, stock in TRW plunged $3 when Goldman Sachs removed it from the firm's "buy" list, after reducing its earnings forecast for the company.

New model introductions did little for the IBM stock price. IBM, $⅜ off at $119, is now 14 per cent off its 52-week high. Honeywell shed a further $⅛ to $59⅝. But among the small computer makers Apple edged forward $¼ to $16⅝ as Wall Street pondered its plans to improve performance.

Atlantic Richfield dipped $¼ to $57⅞ on news that Mr William Kieschnick, the president and chief executive who directed the oil group's restructuring programme, will retire at the end of the summer. Other oil stocks remained dull as U.S. crude prices weakened.

Signs of recovery in machine tool orders, which gained 22 per cent in May, left the sector little changed. Cincinnati Milacron added $⅛ to $19⅝, while Monarch Machine fell $¼ to $15.

Rail stocks turned lower behind Burlington Northern, $1⅛ down at $61⅛ following reports of an adverse court ruling on fund raising proposals.

Bid speculation continued to unsettle food stocks. General Foods, which denied knowledge of the bid hopes that fuelled the rise in the stock on Friday, fell $2⅞ to $79⅛. Others to disappoint speculators were Kellogg, down $1⅛ at $57⅛ and Quaker Oats, $1⅛ off at $50⅞.

But the star of the takeover field was American Hospital Supply (AHS) which jumped $1⅛ to $38⅛ in heavy trading ahead of news from AHS board about discussions of the $3.5bn offer from Baxter Travenol. Baxter claims its offer tops by 43 per cent the terms AHC has agreed with Hospital Corporation of America, but will proceed only with the support of the AHS directors. Meanwhile, stock in Hospital Corporation edged up $¼ to $48⅛, also in heavy turnover.

Chemical and pharmaceutical issues were generally easier as profits were taken. The exception was Abbott Laboratories, which was $¼ firmer at $57⅞.

In the credit market, Federal funds stayed firm yesterday, further helping to dispel hopes of a cut in the discount rate. Short-term rates had a quiet session, but were inclined higher at midsession. Trading in bonds died away, but prices remained half a point off on the day.

TOKYO

Volume fall accompanies record run

TRADING volume plummeted in Tokyo yesterday with institutional investors avoiding the market, but the Nikkei-Dow market average hit an all-time high at one stage on buying of biotechnology stocks, *writes Shigeo Nishiwaki of Jiji Press.*

The index closed at 12,765.93, up 38.31 from Saturday, after reaching 12,807.51 in the morning, on a very thin volume of 246m shares. Advances outnumbered declines 450 to 328, with 146 issues unchanged.

For the past month, corporate investors with surplus funds have been purchasing large-capital stocks, assuming that easing U.S. interest rates would sooner or later lead to a drop in Japanese interest rates, including the official discount rate. These issues included Mitsubishi Heavy Industries, Nippon Steel and Nippon Yusen.

However, a leading broker said corporate investors have now stopped buying large-capital issues because of the higher-than-expected flash estimate of U.S. gross national product (GNP) for the second quarter. This made them apprehensive about a rise in U.S. interest rates.

Mitsubishi Heavy Industries topped the active list, but at 7.06m shares, trading was far smaller than in previous sessions. It lost Y5 to Y327. Nippon Steel dropped Y2 to Y166, Tokyo Gas and Nippon Yusen declined Y1 to Y234 and Y2 to Y304, respectively.

Some blue chips firmed. Mitsubishi Electric was the second busiest stock with 8.34m shares, adding Y3 to Y396. Sony jumped Y80 to Y4000 while Hitachi advanced Y15 to Y735. But transactions of Sony and Hitachi shares were low at only 246,000 shares and 1.06m shares.

Four other biotechnology stocks were on the active list and advanced in the morning. But most closed lower, with Asahi Chemical dropping Y10 to Y1,010, Kuraray Y20 to Y1,170 and Sanyo Chemical Y39 to Y750. Daiichi Seiyaku gained Y20 toY2,330.

Investors on the bond market retreated to the sidelines. The yield on the benchmark 7.3 per cent government bonds maturing in December 1993 edged up to 6.445 per cent from Saturday's 6.440 per cent. Bidding on $17bn U.S. Treasury debentures will start Tuesday.

Both institutional investors and brokerage houses apparently want to determine their attitudes after seeing the bidding's influence on the U.S. bond market.

CANADA

OIL AND gas issues showed some marginal gains in a mixed Toronto.

Poco Petroleum led the sector with a rise of C$⅛ to C$8 and Dome Petroleum added 9 cents to C$2.74.

Royal Bank, actively traded, lost C$⅛ to C$30 and among other active issues, Moore fell C$⅛ to C$26⅛, Canadian Tire rose C$⅛ to C$10⅝ and Daon slipped 5 cents to C$4.65.

Montreal was closed for a local holiday.

EUROPE

Peak levels hit despite easier tone

DESPITE a considerable decline in volume, share prices in **Frankfurt** yesterday continued to push forward, carrying the Commerzbank index to its fifth consecutive record.

Price improvements were less sharp than those registered last week and traders noted an element of caution during early business, fostered by concern that a technical reaction may develop.

The reappearance of foreign investors, particularly from the UK, helped allay the fear and steer the index 1.9 higher to 1,429.0.

Interest rate sensitive financial stocks were one sector which experienced support throughout the session while the automotive sector was clipped back by profit-taking following last week's substantial gains.

Deutsche Bank advanced steadily to close at a high of DM 593, up DM 22.50. Dresdner firmed DM 4.50 to DM 231.50 – also a peak for the session – while Commerzbank added 30 pfg to DM 201.80.

Profit-taking in the automotive sector was focused on Porsche, which recovered from an early price slump to close DM 12 higher at DM 1,460. Volkswagen eased DM 2.50 to DM 325.50, BMW DM 2 to DM 454 and Daimler-Benz managed a DM 1 rise to DM 857.

The Hong Kong market was closed yesterday for a national holiday.

Kaufhof was singled out for the heaviest selling in weaker retailing stocks and closed DM 7.50 lower at DM 241.50. Karstadt declined DM 1 to DM 232.50 while Horten moved against the trend and firmed DM 2 to DM 188.

Bond trading was light and prices generally recovered from an easier pre-bourse trend. The Bundesbank sold DM 2.2m compared with DM 5.5m on Friday.

Paris shares closed higher in active trading. Observers saw the rise as signalling an end to the consolidation phase of the past three weeks as the bourse commenced a new trading month.

Last Friday's forecast by Michelin that it would return to a break-even level during the current 12 months gave the impetus for a FFr 162 rise in the company's stock to FFr 1,190.

Peugeot was another automotive stock to receive support and closed FFr 14 higher at FFr 420.

Drinks groups continued to be actively traded. Moët-Hennessy regained further ground to close FFr 16 higher at FFr 1,965 as Pernod added FFr 12 to FFr 776 and Perrier eased FFr 6 to FFr 552.

Trading remained thin in **Amsterdam** with Wall Street's strength last Friday, rather than domestic factors, providing the impetus for a marginal improvement in prices.

Among banks, ABN gained Fl 1 to Fl 456.50 and Amro was 50 cents higher at Fl 78.50. Insurer Amev added a further Fl 3.10 to Fl 349.30 and Nat-Ned 70 cents to Fl 69.50.

Unilever led a stronger international sector, adding Fl 4.50 to Fl 349 while Philips and KLM each showed 40-cent improvements to finish at Fl 52.40 and Fl 58.80 respectively.

Trading in **Zurich** withstood profit-taking and prices ended generally higher in heavy trading.

Banks were at the forefront of market interest. Crédit Suisse jumped SwFr 30 to SwFr 2,760 and UBS SwFr 15 to SwFr 715 while Volksbank eased SwFr 10 to SwFr 1,680.

Bonds closed easier in thin trading with the firm U.S. dollar tending to depress activity in foreign bonds.

There was little change in **Brussels** as trading remained light.

Trading commenced in Telindus, an information group and the first to be quoted on the bourse's parallel market. After being 20 times oversubscribed the stock closed FFr 130 higher at BFr 1,430.

Volume in **Stockholm** dropped to a record low level as the market reopened after a three-day holiday weekend.

Volvo moved against the market's lethargy and closed SKr 4 higher at SKr 230 and Ericsson responded to recent losses with a SKr 5 improvement to SKr 266.

Milan prices edged higher despite some early selling. Olivetti was the centre of market activity after the announcement of a significantly increased parent revenue for the past five months. The stock added L129 to L6,200.

Madrid dipped on light trading.

LONDON

Confidence continues to falter

THE LOSS of confidence sustained over the previous two-week period in London failed to be restored yesterday and shares struggled to hold onto early gains.

The FT Ordinary share index closed only 2.0 up at 965.2. Leading industrials improved and stores found some support but international stocks drifted down as the sterling exchange rate rose against an unsettled dollar.

There were few signs of investors wanting to invest cash returning from unsuccessful Abbey Life applications. The volume of business in most areas of the market was again low and generally confined to the first hour of trading.

Interest in Government securities was negligible. Conventional gilts eased marginally and the only firm area was index-linked where improvements ranged to about ¼.

Chief price changes, Page 35; Details, Page 34; share price information, Pages 32-33

AUSTRALIA

FIRMER prices in Sydney reflected a higher gold price and Friday's 24-point Dow Jones rise in Wall Street.

The trend was assisted by a shortage in scrip ahead of the end of the financial year on June 30. The All Ordinaries index added 3.6 to 857.6.

The market continued to be dominated by takeover speculation. Castlemaine Tooheys rose 14 cents to A$6.30 and Myers, the stores group which has also attracted bid rumours, lost 2 cents to A$2.25.

Resource and mining issues gained with Hartogen Energy rising 25 cents to A$3.10, BHP gaining 4 cents to A$6.22 and MIM ahead 3 cents at A$2.85.

SINGAPORE

RISES were mostly small in Singapore as bargain hunters and Malaysian traders, returning from almost a week's holiday, actively bought shares.

The recovery was also attributed to activity ahead of June 30, the end of the financial year. The Straits Times industrial index added 7.78 to 792.44.

Federal Cables, heavily traded with 800,000 shares changing hands, added 3 cents to 93 cents and Cerebos rose 9 cents to S$2.15 on a volume of 373,000 shares.

Elsewhere, Singapore Press was 5 cents ahead at S$6.00, DBS rose by a similar amount to S$6.00 and Keppel Shipyard ended 2 cents higher at S$1.56.

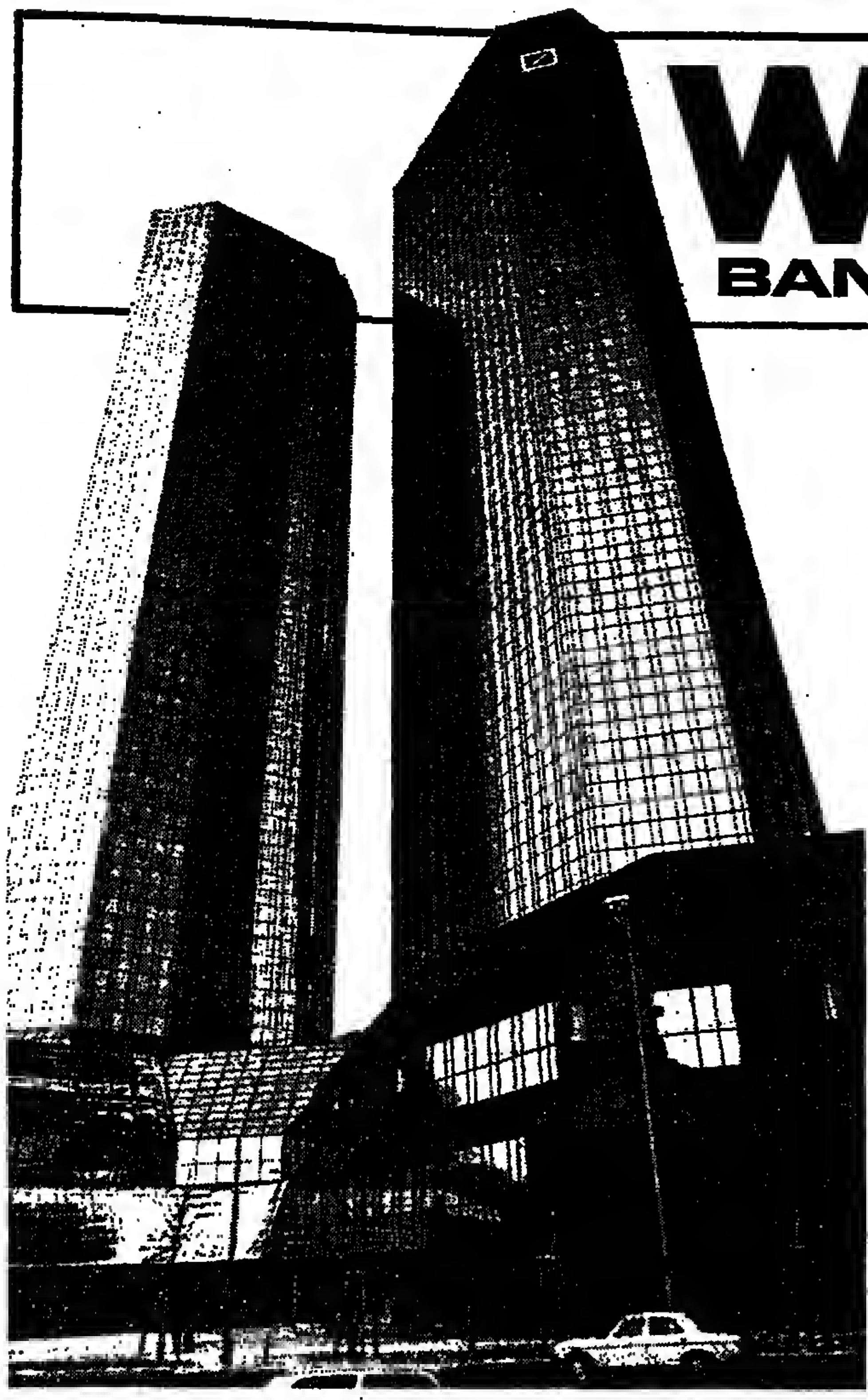
SOUTH AFRICA

MOST SHARES ended slightly firmer on relatively small demand in Johannesburg.

Golds moved ahead as the bullion price edged out of its lows. Vaal Reefs added R2 to R181 and Welkom rose 15 cents to R15. Buffels, however, slid R2.50 to R74.

Platinums and diamond issues gained with De Beers 5 cents higher at R10.60 and Rustenburg Platinum 30 cents ahead at R16.

FINANCIAL TIMES SURVEY



The twin towers of Deutsche Bank headquarters in Frankfurt

West Germany

BANKING, FINANCE AND INVESTMENT

STRETCH your imagination for a moment and consider the following vision of West German banking and finance in the 1990's.

Frankfurt has become a booming "offshore" centre for Euro-business, thanks to the go-ahead given by a once ultra-cautious Deutsche Bundesbank (the Central Bank). Almost everyone is happy—the German and foreign banks using the new facilities, the hotels and restaurants which have more custom, and the Finance Minister who gains more tax revenue. Only the rival Luxembourgers have furrowed brows, though there is still enough Euro-business to go round.

A unified German stock market with streamlined facilities to attract companies to "go public" has at last emerged, after the almost interminable bickering between the eight provincial exchanges in the 1980's. Snide remarks by foreigners about the German "equity kindergarten" are things of the past.

Germany's "universal banks" (so-called because they perform every activity you associate with banking, plus a few you had not thought of) have benefited mightily from the world trend to deregulation and broadly-based financial services.

Anglo-Saxons who earlier criticised alleged conflicts of interest under the "universal" system have been forced to eat their words. Flagship of the new German financial armada is a big Munich insurance company in close alliance with a leading commercial bank.

Agreed, that vision is far-fetched—but it is no longer wholly absurd. A year ago the mere mention of such innovations as zero coupon bonds or variable interest rate instruments caused conservative German monetary officials to shy away in horror. Today these instruments are permitted in Germany, too.

German bankers have increased the weapons in their financial armoury, and the Bundesbank is fighting to win them a fairer slice of foreign markets. At home, however, they face tougher competition on several fronts.

Set for take off from firm launching pad

By Jonathan Carr

Foreign banks incorporated in Germany (their breath taken away by the speed of recent events) have been allowed since May to lead-manage Deutsche mark foreign bond issues. They must once have wondered whether they would *ever* get that chance.

A bill to reform stock market *structure is now before* Parliament; more companies are, in any case, already deciding to go to the bourse; venture capital outfits are springing up like mushrooms, and the old divisions—for instance between credit institutes and insurance companies—are starting to dissolve.

There are lots of reasons why these changes are taking place —a *general economic* and financial reappraisal after the shock of current account deficits in 1979-81, the political switch in Bonn to a centre-right government, the pressure of financial innovation outside Germany, and so on.

Understandably, quite a lot of German bankers do not seem sure whether they are being buoyed on the crest of a wave or swept up by an avalanche.

On the one hand they are now able to add more weapons to their financial armoury at home, and the Bundesbank is fighting to win them a fairer slice of the action in foreign markets less liberal than Germany's—for example that of Japan.

On the other hand they face tougher competition on several fronts at once.

There are the foreign banks already in Germany, and those now joining the feast (like the Swiss) licking their chops at the prospect of more business as the old barriers come down.

There are major retail outfits and insurance concerns hungrily eyeing the "financial services" *sector*. There is the special case of the Bundespost —the federal post office, a giant player which (in the banks' view) is unfairly using its monopoly base as a springboard into banking territory.

Then there are the customers —perhaps more fickle, and certainly more choosy, than they used to be.

Three decades or so ago many big banks could concentrate their attention on major company customers, and treat the accounts of private individuals with something like disdain.

Then came the age of "Massengeschaeft" with Germans getting wealthier and the banks chasing after them (boosting the number of their branches, for example, from about 25,000 in the mid-1960s to 40,000 in 1980).

Nowadays, with the annual income of private households in Germany totalling more than DM 1,000bn, the individual customers are pampered by an ever-growing array of services from competing banks — commercial, *savings*, co-operative, and so on and so forth.

It is true that not in every case is competition completes and that the German Antitrust Act looks anachronistically over-protective of the banking sector, compared with other industries. But it is hard to deny that banking competition, in general, is hot—and getting hotter.

The banks are having to face these challenges against the *background of* new *and* tough provisions of the German Banking Act, which began taking effect at the start of this year.

One of the new rules puts tighter limits on lending to a single customer. Another forces the banks to meet stricter capital-to-lending ratios, involving consolidation of the business of their foreign subsidiaries (notably those in Luxembourg).

Although most banks saw the need for some change, there was much wailing and gnashing of teeth over details before the revision of the Act was finally approved.

Unfortunately for the banks, the debacle of Schroeder, Muenchmeyer, Hengst (SMH) occurred in late 1983 when debate on the Act was in full swing, and this hardened the Government's heart.

SMH had lent excessively (not least via Luxembourg and Switzerland) to the ailing IBH building machinery concern, and had to be saved from collapse by a joint support operation of the banks.

Government officials did not claim the SMH affair would have been prevented altogether if their proposed legal changes had already been *in force*. But they did believe the damage would have been much less.

In the meantime the banks have made a good best of a bad job. They stress that the bailout of SMH (the healthy parts of which were later taken over by Lloyds Bank) shows how much better the German system has equipped itself to deal with *shocks since the collapse* of Bankhaus Herstatt in 1974. There is a lot in that argument.

The Government is granting the banks long transition

CONTINUED ON NEXT PAGE

Financial barriers begin to tumble

Liberalisation

JONATHAN CARR

PROPHETS ARE rarely honoured in their own countries. Total scorn would surely have greeted any West German financial soothsayer wbo foretold the following a year ago:

—that the Finance Minister would soon abolish the withholding ("coupon") tax wbich foreigners had to pay on the Interest they received from German domestic bonds;

—that foreign banks incorporated in Germany would be allowed to lead-manage D-mark Eurobond issues;

—that the cosy cartel of slx German banks regulating such issues would (more or less meekly) fade away;

—and ibat the Bundesbank would give its assent (if bardly its blessing) to domestic use of financial innovations, like zero coupon bonds and variable inlerest rate instruments.

In the meantime all tbat haa happened — and even more startling changes migbt be on the way.

For example Dr Walter Seipp, chief executive of Commerzhank, is strongly urging the establishment of "offsbore" financial centres in the Federal Republlc (and perhapa West Berlin) to compete in Euro-business with London and Luxembourg.

In the West German context, where change generally occurs at snail's pace, this amounts lo a revolution. Why has it broken out and what might be the implicalions?

A key part of the answer involves two inter(inked issues —a changed attitude by the Bundesbank to the role of the D-mark as a reserve currency, and growing fears that West Germany (notably Frankfurt) could become an inlernational financial backwater—compared to London, New York and perhaps Tokyo.

A few years ago, when the U.S. dollar still looked chronically weak, the Bundesbank was doing all it could to resist the growth of the D-mark as a reserve asset. It feared ever greater capital inflows wbich would force up the German currency to export-damaging levels, and make the control of domestic money supply — and hence of inflation — more difficult.

In the meantime the boot has been put firmly on the other foot. The dollar Is pretty strong and the Bundesbank is doing all it can to stem capital outflows (faced, for example, with an overall deficit on capital account last year wbich almost doubled to DM 29.1bn).

The so-called "fundamentals" —like trade and current account surpluses combined with a relatively low inflation rate—were no longer enougb to attract capital inflows and keep the D-mark buoyant.

It was In that context that thc Bundesbank last year persuaded Dr Gerhard Stoltenberg, the Finance Minister, to drop the 25 pec cent coupon tax.

Tbe Americans at that time bad recently decided to abolisb their own withholding tax, thus In principle making dollar bond investments more attractive not least vis-a-vis D-mark bonds.

Dc Stoltenberg saw the point and agreed to forgo the coupon tax revenue (despite some grumbling In his ministry and bis Christian Democrat Party bebind the scenes).

Tha Bundesbank had no illuslons that removal of the coupon tax in Itself would be enough to boost the D-mark durably. More lively and innovative financial markets were needed in West Germany, too, to malcb the competition intensified by the explosion of de-regulation around the world.

That polnt was underlined late last year by the decision of Deutsche Bank, the country's biggest commercial bank, to move its non-D-mark Eurobusiness to London.

That decision had e shock effect on German monetary authorities and speeded further capital market liberalisation steps at home.

It is worth stressing (and quite a lot of aggrieved German officials have been doing so in the past month or two) that this process certainly did noi mark the *start* of a liberalisation of the German market. In many respects it was very liberal already.

Interest regulation was abolisbed as long ago as 1967 and capital has long been free to flow in and out virtually without restriction. Tbe D-mark, as the Bundesbank President Karl Otto Poebl frequently remarks, is "no mousetrap currency"—that is, one you can get into but not out of.

Even the complaints by otber European countries that the Bundesbank is not libersl with respect to the ECU (European Currency Unit) are something of a red herring.

True, residents are not allowed to open ECU—denominated bank accounts in Germany, but tha Bundesbank would probably reconsider even that restriction if several other European states dropped their own more extensive capital controls.

That said, one key element of the new liberalisetion measures is thet foreign banks Incorporeted In West Germany are at last permitted to lead-manage foreign D-mark bond issues, lucrative business denied tbem so far.

At the same time the central canilal markets sub-commitlee, which set the volume and celendar for these issues, has been abol'shed. That is a bitter pill for the six member German banks of the subcommittee to swallow — but other German banks are shedding few tears and foreign banks, of course, none at all.

This is one of several concessions for whicb the forelgn banks have long been pressing. Foreign D-mark issues now simply have to be notified to the Bundesbank in advance, Instead of having to be put before the sub-committee.

The opening up of this side of the business in Germany is one major reason why the leeding Swiss banks are seeking to establisb themselves firmly In the Federal Republic after hovering on the fringes for so long.

Credit Suisse, for example, took over Grundig Bank in Bavaria at the start of this year and completed its purchase of the Frankfurt-based Effectenbank Warburg in Mey. Other Swiss movea in Germany are in tbe wind.

This naturally means tougher compelltion for the German banks at home, although in the Swiss case they can hardly complain since they have been setting themselves up in Switzerland for several years now.

But the German banks have much to win too. For one thlng Japanese banks are belng excluded from D-mark Eurobond lead management in Germany until German banks are given broadly reciprocal advantages in Jepan. Domestic de-regulations has thus given the German banks a lever on Tokyo —though It remains to be seen bow effective It is.

More import, the German banks also have the assent of the Bundesbank to make use of an array of financial innovations at home for which they have long been plning. Zero bonds and variable interest rate Instruments are among them, although Certificates of Deposit are still barred—not least because their use could upset the Central Bank's money supply targeting. A way might be found round that however.

Moreover, both the Bundesbank and the Federal Banking Supervisory Office In Berlin make no secret of their suspicion of innovations like RUF's (Revolving Underwriting Facilities) and NIF's (Note Issuance Facilities). The "further liberalisation" is very far from a "carte blanche" for every ingenious market creation!

What heppens next? For Dr Selpp of Commerzbank the most important advance would he the establishment of "offshore centres" in West Germany, with Euro-business wholly freed from the Central Bank's strict minimum reserve requirements.

Seipp welcomes the steps taken so far, but feels the "offshore" move would really get to the heart of the matter. He is confident thet internetional financiel transactions through these centres could easlly be insuleted from the domestic market (as they have been in other countries) and hence would not upset the Bundesbank'e money supply targeting.

The Central Bank is not so sure and by no means all German bankers share Selpp's enthuslasm for the concept.

There are some signs that It is gaining favouc, however. If reallsed, it could help improve Germeny's "Invisibles" balance and, by attracting more banks to German (albeit "offshore") soil, also mean a nice boost In tax revenue for the Finance Minlster.

Falling that big step, it migbt still be possible to go at least halfway—modifying the minimum reserve requirements to help attract back part of the Eurobusiness which has flowed out of Germany.

After ell It was because of these requirements — which compel credit institutes in Germany to place a percentage of their deposits Interest-free with the Bundesbank—that a lot of German banks set up subsidiaries In more favourable centres abroad, notably in Luxembourg.

There are now 26 subsidiaries of German banks in the Greno Duchy, and they account for somewhat less than half the balance sbeet total of all credit institutes there.

What would happen to Luxembourg If the Germans begen to switch business home because the Bundesbank changed Its policy course significantly? It is an Interesting question which does not need an enswer — at least not at the moment.

Dr Walter Seipp (left), chief executive of Commerzbank, is strongly urging the establishment of "off-shore" centres in West Germany, with Euro-business freed from the Bundesbank's strict minimum reserve requirements

Set for take off

CONTINUED FROM PAGE 1

periods before they have to epply the new regulations in full—for example to the start of 1991 in the case of the rule on capital-lending ratlos.

Even so some banks will be walking a tightrope es they move towards the target date—having to keep a watchful eye on credit volume—while achieving the good profits in e competitive setting which will allow them to boost capital adequetely.

Thet said, it would be wrong to lose too many teers over the banks. They have had a string of highly profitable years, allowing them to pad themselves well egainst actual or potential loan losses at home and abroad.

For example in 1983, the most recent year for which overall results are available so fer, the banks' pre tax profils rose hy more than 16 per cent to DM 19.4hn.

Last year earnings look to have been less buoyant, but still strong. Loan loss provisions were again boosted markedly, certainly by much more than German accounting practice compels the banks to reveal in their published reports.

There is no question that since the start of the 1980's the banks bave really needed to increase their risk provisions in the face of wave efter wave of company bankruptcies at home, and the debt crisis In tbe developing world.

The German insltutes are relatively less exposed than many foreign rivals in the crucial aree of Latin America. But they do not need remlnding that the debt crisis could come surging back—lf, for example, an economic downturn in the U.S. were accompanied by higber inlerest rates, thus cutting the exports of developing slates while adding to their debt burden.

On the otber hand it is worth noting that the banks' loan-loss provisions are not frozen funds in a kind of glant piggy bank. The funds can be, and are, on-lent to first class borrowers; they do not have to be refinanced and thus add nicely to profits. The saying about making a silk purse out of a sow's ear is not wholly inappropriate.

The recovery of bank profits In recent years has come about because of three main factors.

First, the banks learned the bitter lesson of the late 1970s when many (not all) gravely mismatched long-term lending with unexpectedly expensive short-term funds.

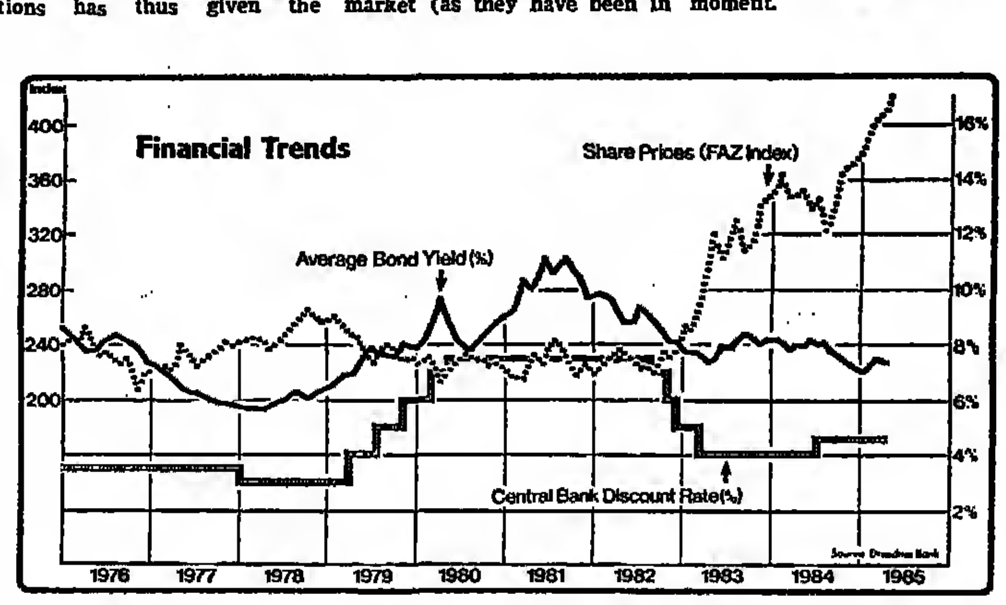
Second, a canny Bundesbank headed off a crisis of confidence in the D-mark at the start of the 1980s, then engineered a continuing drop in Interest rales from whicb the banks squeezed every benefit.

Third, there bas been a general economic recovery, whicb is likely to continue this year, despite high unemployment and the grave structural problems in the building industry.

German exports ere booming (partly but not solely due to the relatively weak D-mark against the doller). Company eernings are buoyant (maybe a bit 1oo mucb so for the good of banks wanting to lend more). Interest rales ere relatively low end look likely to go lower. And the stock market is setting new records, thanks not least to buying by foreigners who evidently judge Germany's economic prospects more favourably than Germans themselves do. But that Is nothing new.

That Is no bad launching pad for e drive towards that ambitious vision of Germany in the 1990s—always given daring and initiative of course.

As the head of e very large U.S. bank said on a trip to Frankfurt recently: "The only real frontiers for German bankers are the ones they erect in their own minds."



Foreign investors underpin upsurge

Share Markets
ADRIAN DICKS

FOR NEARLY three years, the West German stock market has been putting up a performance that has taken the country—and not least, the financial community itself—by surprise.

From being a narrow, provincial market that appeared for much of the post-war era stunted by comparison with the country's vigorous industrial growth, it has once again become a place where investors can make money and companies raise worthwhile quantities of equity finance. And no less remarkable, German shares have now found what seems to be a secure place in the portfolios of an increasing number of managers of large foreign investment institutions.

How long the bull market in German equities may continue will probably depend less on the fundamentals of the country's own economy than on the performance of Wall Street, the dollar-mark exchange rate and perceptions of the outlook for interest rates on both sides of the Atlantic over the next six months.

There is little dispute among professionals in Frankfurt that a buoyant international climate for shares, a D-mark that remains historically cheap for dollar-based investors and a steady hand by the Bundesbank on the monetary policy controls have been the most powerful encouragements to the German bourses.

With all these variables favourable in the past three years, a strategy of international diversification has made sense for foreign fund managers, and their steadily growing purchases have underpinned, when they have not actually led, buying by German investors themselves.

Several other factors, in the view of leading Frankfurt bankers, have also coincided to encourage foreign money to flow in. In the early 1980s, following the 1979 round of steep oil price increases, Arab investors had surplus funds to place—indeed, the current oil glut and the fading fortunes of many Gulf-based financiers have not made the German stock market immune to occasional bouts of feverish rumour that "the Arabs" are buying into some large company or bank.

More recently, U.S. and British institutions, in addition to taking advantage of exchange rates that have been better in the last two or three years than for many years past, have perceived that the market is still cheap in technical terms. Price/earnings ratios remain on average in the 10-12 range with some sectors of the market, such as bank stocks, trading until a few weeks ago well below this level.

The latest wave of foreign investment, as in other capital markets, is that generated by recent changes in Japanese regulations that now encourage that country's life insurance companies and pension funds to diversify their portfolios, though they have up to now been more active as buyers of bonds than of shares in the German market.

No-one in the German financial community can be certain how much of the inflow of foreign money is likely to flow out again once the D-mark is perceived to be gaining ground against the dollar, yen or sterling.

Some investment specialists, including Dr Guenther Mecklenburg of BHF Trust, the portfolio management arm of BHF-Bank, believe many foreign investors, although originally attracted by the prospect of a currency play, have come to appreciate the longer-term merits of German shares, especially in a year of generally good corporate profits.

The German financial community has set about attracting foreign business with enthusiasm. For example Deutsche Genossenschaftsbank (DG Bank), the central institution for the co-operative banking system, has organised a series of well-attended seminars abroad to present German companies to foreign brokers and fund managers.

In doing so it has sought to offer a blend of well-known names with some of the two dozen-odd new issues that have been brought to the market within the past 18 months.

At the same time a broad range of institutions are—perhaps normally in a bull market—putting more resources into financial research and distributing the results more widely to foreign houses.

The 27 new issues brought to market (the great majority of them by Deutsche Bank) have drawn a great deal of interest as evidence that West German industry may at last be turning gradually to equity financing as an alternative to its traditional dependence on long-term debt provided by banks.

Yet most Frankfurt bankers stress that so far, the movement has been only a tiny trickle. Herr Jochen Neynaber, a general manager of Schroeder, Muenchmeyer, Hengst (SMH), the private bank now owned by Lloyds of the UK, points out that most of the new shares are scarcely trading and have settled down relatively close to their issue prices.

Among the handful that have established themselves in active dealing, three stand out—Wella the hair products and cosmetics group, Porsche, the high performance car maker, and Nixdorf, the leading German-owned computer manufacturer.

So far, rumours that one or two very large private companies, such as Henkel, the detergents giant, or FAG-Kugelfischer, the bearings and engineering group, might offer shares to the public have not come to anything. Nonetheless, the crop of new issues has started a trend which most bankers assume can only strengthen further.

In addition, Dr Mecklenburg detects signs of a fundamental change in the nature of West German domestic investors' participation in the stock market. Tax changes in recent years, coming in a period of low inflation, have helped turn investors away from property, works of art, gold and similar stores of value, and back to money-denominated instruments such as securities.

BHF Trust points to the growth of mutual funds in West Germany, with perhaps as much as DM 75bn currently at their disposal, and to the increased interest of other domestic institutions in securities, as a substantial injection of new, largely resident, cash into the market that is unlikely to be simply withdrawn once the current bull phase comes to an end.

Thus far, even after an unprecedented three years of steadily rising share prices, the German stock market remains essentially one for professionals.

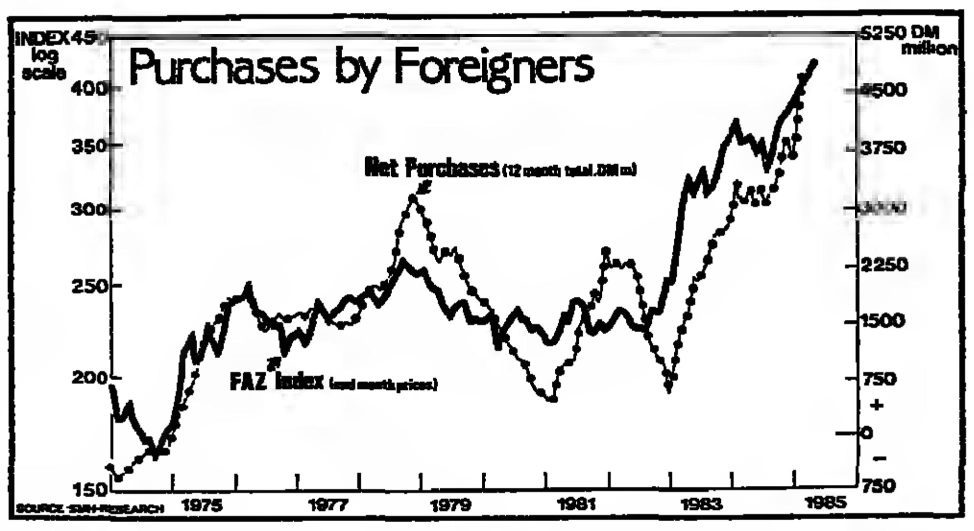
Herr Fritz Losukow, head of stock market operations at Commerzbank, believes that there exists considerable potential interest among the customers of the big universal banks in the securities markets. The banks—by far the weightiest intermediaries and direct participants in the market—offer clients a wide range of mutual funds placed in bonds, commodities and shares. But they have also been making sure that larger branches have staff on hand who can advise customers on direct securities purchases.

Herr Losukow is confident that rising prices are the best possible publicity for the stock market, and that there is enough money in the hands of private individuals to make it inevitable that their role in the market can only increase with time.

Compared to the two last German bull markets, share prices have climbed higher in a shorter space of time since the current upturn began in August 1982. Although plenty of evidence can be amassed to argue that they still have a good distance to scale before the peak is reached, bankers are beginning to ask themselves how well the market will adjust this time round to the inevitable downturn.

Will the apparent selectivity shown by investors in buying primarily stocks of big, well-known companies be further strengthened? Will it continue to be possible to bring smaller companies to the market? Will the more recently arrived investors in German shares—foreign and domestic alike—take fright and withdraw altogether? Dr Mecklenburg at BHF Trust stresses that "we have a new generation in charge who have never experienced a real bear market."

At the same time, however, he points out that the German financial community itself now includes a larger number of bankers and brokers who have worked in New York or London and whose experience is thus broader than that of their predecessors.



By contrast with other world financial centres, however, the German market is still deeply preoccupied with structural problems. With a speed and sense of purpose that has astonished many German bankers, the Bundesbank and the Federal Government in Bonn have begun to dismantle many of the regulations and conventions that have prevented the capital market from growing to a point where it might compete with New York, London, or even Zurich.

In the bond and money markets, the regulatory barriers have been falling fast. The stock market, however, is likely to prove a much harder nut to crack.

At the root of the problem lies the fact that West Germany has seven stock exchanges, plus an eighth in West Berlin, to share a total turnover of some DM 233bn last year. Out of this total, Frankfurt accounts for some 52 per cent, Dusseldorf 25 per cent, Hamburg and Munich around 7 per cent apiece, with the remainder spread between Berlin, Bremen, Hanover and Stuttgart.

To suggest to senior bankers that these eight exchanges might be amalgamated along the lines of the absorption of provincial markets by the London or Paris stock exchanges, or less radically, along the lines of the national market system in the U.S., is to dream of the impossible.

To suggest such a notion to politicians in the state capitals where the smaller exchanges are sited is, however, almost to risk being accused of calling into question the very constitution of the Federal Republic; so far from permitting any talk of unifying the stock exchanges, regional pride stands in the way even of reducing the seven separate clearing houses for securities transactions to a single one.

Nevertheless, technical discussions are well advanced on a possible harmonisation of the two data processing companies which handle settlement transactions, and formal proposals for co-ordination and perhaps co-operation between the Frankfurt and Dusseldorf exchanges are expected to be presented at the end of this month or in early July.

At a later stage, there are also plans for the eight exchanges to strengthen their joint working group into a more formal national securities market association that might subsequently lower costs by setting, for example, uniform listing requirements.

Also hanging over the market is the bill, currently in the Bundesrat (the upper house of the Federal Parliament), that would bring about German compliance with the European Community's new requirements on investor protection and securities dealing.

Here, too, participants in the larger German exchanges fear that the effect could be to entrench further the position of the smaller exchanges, rather than smoothe the way towards closer links among them.

The ultimate danger, bankers in Germany believe, is that even more securities business will leave the exchanges altogether. "We are well aware of what is happening elsewhere in the world," says one, "and we know that even now one need come no nearer Germany than a telephone in New York or Tokyo to be able to buy and sell Siemens shares."

Doors are thrown open

Bond Markets
MAGGIE URRY

THE LAST 12 months have been an exciting period for the D-mark denominated bond markets, both domestic and Eurobond. The West German authorities have moved to open up the markets to new investors and new instruments.

The market is always heavily influenced by the New York bond market and the level of the currency, as investors' capital can easily flow from one bond market to another to achieve the best returns. So when last summer the U.S. authorities decided to remove the 30 per cent withholding tax payable by foreign buyers of domestic U.S. bonds on the interest they receive, it was important for the West German Government to follow suit and lift its own 25 per cent coupon tax.

With the dollar's strength already causing capital outflows from the D-mark, as investors sought to pick up higher yields and exchange rate gains by shifting to dollar bonds, an inequality in the tax regimes could have made the problem even worse.

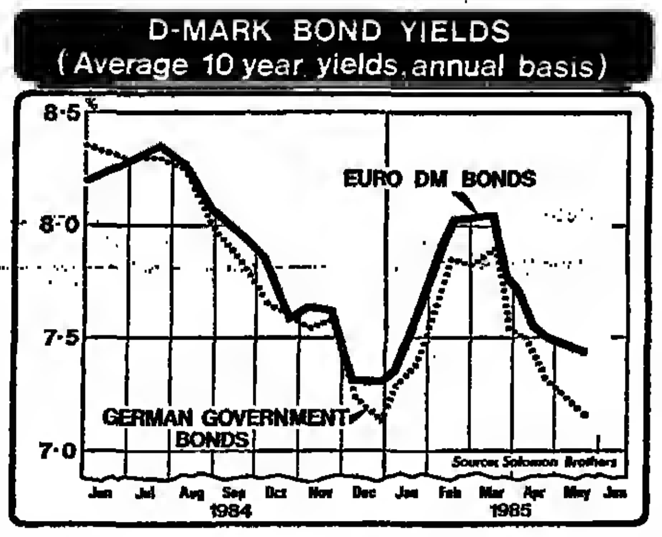
It was this need to try and attract money back into the D-mark which was in the mind of Herr Karl-Otto Poehl, the Bundesbank president, when last July he gave the first hint that the tax would be repealed.

Although the change did not finally come into law for some months after that, the repeal was backdated to August 1, 1984.

As a result there was an increase in foreign buying of D-mark domestic bonds, particularly Government bonds which are large and easily tradeable issues.

Whereas in the past higher yields were more often seen in the domestic market than in the already tax-free Eurobond market, since the coupon tax was removed foreign buying has brought domestic bond yields below Eurobond yields.

However, the removal of coupon tax was not the end of the D-mark bond market's problems. The strong influence of the U.S. market and the still weakening D-mark caused bond prices to fall in the early months of this year.



At the end of 1984 the West German Government had been able to price its latest ten-year issue at 99¾ with a 7 per cent coupon — the lowest seen since 1979. But by mid-February of 1985 conditions had deteriorated so much that in the Eurobond market the Capital Markets Subcommittee, which was at that time still agreeing a calendar of new issues, called a three-week halt to syndicate managers work.

In spite of the favourable domestic economic trends — such as the low inflation rate, the falling budget deficit and the current account surplus — the strength of the dollar was hitting the D-mark.

The rate of capital outflows was such that on February 1, 1985, the Bundesbank raised its Lombard rate by ½ percentage point to 6 per cent. Domestic bond issues fell by around three points in the following weeks, and ten-year Government bond yields reached the 8 per cent level.

Since then there has been some recovery in the exchange rate and a firmer trend in the New York bond market has also encouraged bond prices in West Germany. Yields have fallen back towards the 7 per cent level, once more.

The action in the past couple of months has turned to the Eurobond market where the Bundesbank has opened up the market to floating rate notes and zero coupon bond issues.

The former are bonds where the rate of interest is refixed regularly with reference to money market rates, while the latter are bonds which pay no interest at all but are issued at a discount to their redemption price, so investors take their theoretical income as a capital gain.

The first issues of both types have met a good reception. Dresdner Bank and Sweden were the first to launch floaters, with Sweden raising a massive DM 1.5bn issue which is also the largest D-mark Eurobond deal ever.

Subsequent issues for Banque Nationale de Paris and Ireland have shown that the rates of interest are already beginning to fall in response to good investor demand.

Many West German companies are cash rich and in the past have had few attractive places to invest their surpluses. For them floating rate notes are good investments offering interest rates above bank deposits.

The first zero coupon bond issue was for Austria and that, and following deals have also gone well. These bonds are tax efficient to investors and of interest, for example, to people who plan to retire before the bonds mature.

The Bundesbank has also opened the market to non-German owned lead managers. The old sub-committee system for setting an issue calendar has been scrapped and now bond issues can be lead managed by foreign banks as long as they have a banking business in Germany, and their home country offers German banks the same rights.

All lead managers must notify the Bundesbank in advance of their issue plans, and each month the Central Bank publishes a figure for the number and total amount of deals to appear.

There are few foreign banks who qualify immediately for this new privilege. However, many are thinking of ways to set up the required subsidiaries in West Germany.

The major Swiss banks have already done this through acquisitions, as have some UK banks, and these are beginning to be seen in lead management groups.

West German Banking 4

Jealously guarded independence

A SMALL plaque with the following advice should stand on Government desks in Bonn. "Do not tangle with the Bundesbank. It isn't worth it."

The "Superminister" of Economics and Finance, Karl Schiller, failed to observe this rule in 1972 and quarrelled with the Central Bank over capital controls. He ended up resigning. Chancellor Helmut Schmidt lashed the Bundesbankers in the early 1980s on grounds they were not using their room for manoenvre to cut interest rates. He got nowhere. What is the basis for the Central Bank's remarkable, and jealously guarded independence?

One key element is the Deutsche Bundesbank Act of July 26, 1957, which makes clear that the Central Bank is called on to support the Government's general economic policy, so long as this does not conflict with its first duty — to safeguard the currency.

It is bluntly stated that "in exercising the powers conferred npon it by this Act (the Bundesbank) shall be independent of Government."

These powers are wide-ranging. The Bundesbank not only issues bank notes but has responsibility for policies on discount and lombard rates, deposits, open market operations and minimum reserves. The Central Bank is constantly refining the way it uses these powers; for example, nowadays it is making far greater nse of revolving, securities-based repurchase agreements to induce the banks to give up their earlier execessive reliance on lombard loans. This refinement certainly does not involve a dilution of power—arguably the reverse.

The Act also stresses that the Bundesbank "shall advise the Federal Government on monetary matters of major importance" — which sounds inocuous enough on the face of it. But as the Central Bank itself has pointedly remarked "such advice was not made dependent on an explicit request, for otherwise it might be possible to prevent the Bundesbank from giving undesired advice by not requesting it."

> The Central Bank is constantly refining the way it uses its powers. This refinement, however, certainly does not involve any weakening of its position. It arguably has the reverse effect.

Government members have the right to take part in discussions of the Central Bank Council, the Bundesbank's top decision-making body, but they cannot vote there. They can ask for postponement of a decision for two weeks, but cannot stop it being made.

The makeup of the Council is the result of an ingenious system of checks and balances. There can be up to 21 members of the Council, of whom 11 are the Presidents of the central banks of the Laender (the federal states). These 11 are appointed on the proposal of the Bundesrat, the npper house of the federal parliament in Bonn which groups representatives of the Laender governments (not by any means all of the same political hue as the Federal Government parties which have the majority in the Bundestag, the lower house).

The rest of the Council is made up of the Bundesbank's Direktorium, the board of directors comprising the President, Vice-President and up to eight others. They are appointed on the proposal of the Federal Government for an irrevocable period of eight years, giving them (deliberately) much more security of tenure than politicians who have to face elections every four years.

President Karl Otto Poehl, for example, began his term at tha start of 1980 when the Federal Government was led by the Social Democrats (his own party); he has seen a Christian Democrat-led administration come to power in Bonn in the meantime—and he will (presumably) still be in office when the next general election is due in early 1987.

Of a maximum 10 Direktorium members there are at present only six; Poehl, Vice President Helmut Schlesinger, and Hans-Georg Emde, Leonard Gleske, Claus Koehler and Ottomar Werthmoeller. It is thus in theory open to the Federal Government to press for a boost in numbers, and create new job opportunities for this or that deserving state secretary in Bonn.

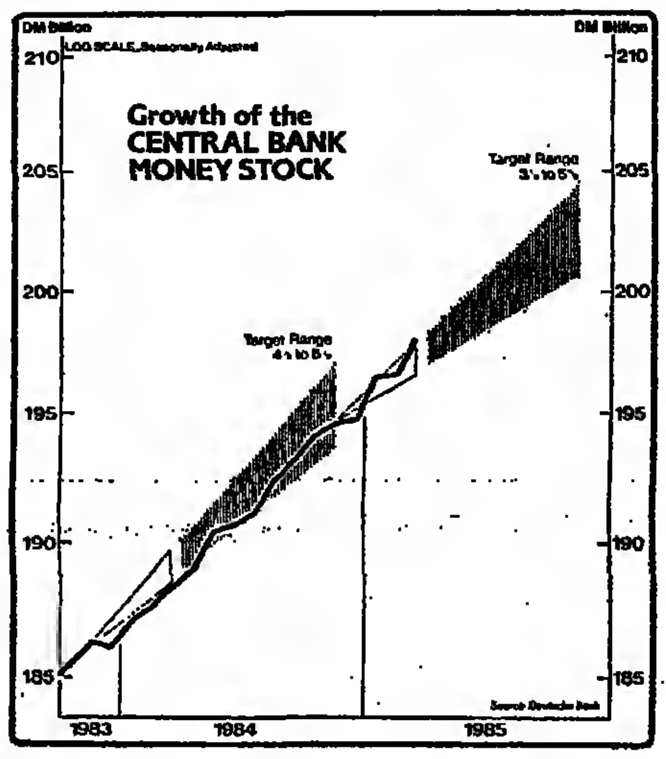
The problem with that idea is that there was recently a rash of rumours in Bonn that it had been decided not to renew Poehl's Presidency after 1987. This was hotly denied by the Finance Minister Gorhard Stoltenberg who gets on very well with Poehl—but the rumours have not quite vanished all the same.

Any decision in these circumstances to extend the Direktorium through a draftee from Bonn would make it look as though a "President in waiting" was being infiltrated. That would tend tn weaken Poehl's authority at home and abroad well before his (initial?) term were due to expire.

On balance Bonn shonld probably be happy that so small a directorate gives so good a showing. After all, the Bundesbank produced a hefty profit of DM 13.2bn last year — and of that sum no less than DM 12.9bn is being turned over, by law, to the Federal Government.

Jonathan Carr

LEFT: Karl Otto Poehl, President of the Deutsche Bundesbank.



PROFILE: KARL OTTO POEHL

BY JONATHAN CARR

More improviser than philosopher

ONE DAY Karl Otto Poehl, president of the Deutsche Bundesbank, should write his memoirs. They would surely scotch any lingering misapprehension that central bankers, almost by definition, must be a dull lot. They could also (if candid enough) throw new light on German economic and monetary history in the last few decades.

Now aged 55, Poehl is one of those irritating people whn seem always to have time in hand and tn be successful without effort. Immaculately dressed, hronzed as though just down from the ski slopes (which may wel be the case) he often has an ironic smile as though mocking those doomed to struggle for a living. Experience shows he can produce off the cuff remarks to a potentially critical audieoce and win twice the applause given fellow speakers who toiled for bours over their texts.

The image is one thing, the reality quite another. Poehl has had plenty of knocks in the course of his zig-zag career to the top. The easy, almost off-hand manner goes far to conceal a pragmatic, razor-sharp mind and a vulnerable temperament.

Born in Hanover in December, 1929, he studied economics at Bottingen University, worked for a time for the IFO economics institute of Munich and became one of that small group (non-members call it a clique) of German journalists which dominates economics reporting from the federal capital of Bonn.

From there he spent a brief spell at the Federal Association of German Banks (just time enough to get the organisation to change its previous, massively unwieldy name) then reutrned to Bonn—this time as a divisional chief at the Economics Ministry under the hrilliant (and ahrasive) Professor Karl Schiller.

That joh too turned out to be just a staging post on the way to his next, highly influential role as chief economic adviser to Chancellor Willy Brandt—who in 1969 had become Federal Germany's first Social Democrat (SPD) head of Government.

Three things in particular stood Poehl in good stead. He had a firm background in economic and financial theory; like his various masters in Bonn (Schiller, Brandt and later Helmut Schmidt), he was a member of the SPD; and in his younger days he had learned his trade in the tough school of sports reporting.

The latter point may seem spurious, bnt that training helped Poehl a lot to write quickly, clearly and briefly under pressure. That ability proved to be a huge boon to Brandt, to whom economic and monetary affairs were something of a mystery and whn often sought succinct, writtan guidance at the drop of a hat.

The same talent helped Poehl get along with Schmidt, who as Finance Minister and (from 1974) Chancellor had plenty of detailed knowledge himself but sought competent ataff who, abova all, did not waffle.

For the best part of five years (1972-77) Poehl served as State Secretary at the Finance Ministry, and Schmidt chose him for many delicate missions, and as his personal aide to prepare the annual Western economic summit conferences.

Small wonder, one might think, that when the Vice Presidency of the Bundesbank fell vacant in 1977, Schmidt should ease "his man" Poehl into the influential job. And what could aeem more natural than that Poehl should then become President when Dr Otmar Emminger retired from the post at the end of 1979?

In fact it was not as natural as all that. Schmidt had some doubts about whether Poehl was really the best man for the top Central Bank office, and only backed him formally after a long period of (for Poehl harmful) rumour about the succession.

Ironically, there were also those in the financial community (and the political opposition in Bonn) who were claiming at the same time that Poehl would be "in the pocket" of Schmidt and the SPD, and that the Bundesbank's cherished independence would be undermined.

Even the currency markets seemed to be against Poehl in those tough days at the start of 1980. In his first week as President the dollar tonched a new low of DM 1.70, but thenceforth surged upwards as though passing stern judgment on Germany's new monetary boss. It was a baptism of fire for Poehl who, by an accident of timing, had walked into something of a crisis of confidence in the German economy and currency.

Poehl emerged from that challenge, and from a string of others over the past five years, with most of his colours flying. Under his leadership the Bundesbank took tough steps to defend the D-mark in the face both of a current account deficit and political strains in Bonn which could have meant a potentially disastrous flight out of the currency.

The tight monetary policy inevitably meant friction with Schmidt and the SPD who were seeking lower interest rates and more economic growth, but that did not deter Poehl. Perhaps by that time he even welcomed th chance to scotch the talk about his alleged lack of independence!

In due course the crisis passed, the current account stabilised and the Bundesbank was able gradnally to relax the monetary brakes. The timing of some of the Bundesbank'a steps can be criticised, hnt hardly the policy itself.

More recently it has been Poehl who has led the assault to open up the German capital markets further. Details are given in another article of this survey; it is enough to say here that Poehl saw the real dangers (not least for the D-mark) of Germany becoming a wall-flnwer at the international financial hall, and moved strongly to help correct things. More steps seem bound to follow.

Despite those achievements, and his leading roles over the years in international bodies like the EEC Monetary Committee and the Group of Ten (main industrial nations), Poehl still has critics who accuse him of lacking a 'strategy" or "strong convictions." One official who has observed him quite closely over tha years harshly claims that he is "as hard to pin down as a Japanese wrestler."

There are two points to be made about this. One is that Poehl is not so much a financial philosopher as a masterly improviser with a strong dash of common sense. Those qualities helped him, for example, react quickly to the near-collapse of the SMH bank in late 1983 and to the Mexican debt crisis a year earlier.

They also tend to condition his attitudes to matters like floating exchange rates and the European Monetary System (EMS). He may not like floating rates, but he recalls all too well the terrible troubles (not least for the Bundesbank) during the death throes of the Bretton Woods System. So probably the hest thing is to keep the present "non system" as much as possible in working order.

Poehl freely admits that the EMS works better than ha expected at the start. Bnt it is bard to avoid feeling that he would like Britain to join the System, above all to help prevent still more ambitious (and in the Bundesbank's view unsound) monetary union plans from being realised.

For Poehl there is too much talk about European monetary integration. He tends to be disparaging about the ECU (European Currency Unit) seeing it as a lable for a content of somewhat suspect quality. The lable on a wine bottle, he notes, can not transform a vin ordinaire into a Chatean Lafite. Perhaps one day he may be forced to drink his words!

The other point is that Poehl was long enough in the business of politics to win a very strong scepticism for "long-term plans" and "grand designs."

He knows Bonn inside out (and a lot of other political capitals pretty well too) and has no illusions. From time to time there are mutterings in the centre-right coalition that perhaps Poehl should be eased out when his term expires at the end of 1987. The mutterers should be warned that they are trying to dislodge a real professional, as political operator and central banker.

Hermann Abs: One of the outstanding bankers of this century

Dr Hermann Abs, honorary president of Deutsche Bank. Aged 83, he has a biting wit and, above all, exudes an air of almost irresistible power

"REMEMBER, I am not important," said Hermann Josef Abs at the end of a recent interview. "Only the Deutsche Bank is important."

It is rash to disagree with Abs, but necessary in this case. At age 83 he retains that encyclopaedic memory, analytical talent and air of power which help make him one of the outstanding bankers of this century. Moreover, without Abs there might not be a Deutsche Bank, at least not in its present position as easily the biggest and most profitable of German credit institutes.

Towards the end of the Second World War, Abs's mentor at the bank, Franz Urbig, asked him for a solemn promise that he would dedicate himself to building up the Deutsche again when peace came. Abs kept his word, though the Deutsche (like other banks) was split up by the wartime victors and only became a single unit again in 1957.

Abs himself was interned for a time by the British. A strong Catholic, he had never joined the Nazi party—though he does not claim to have actively taken part in the resistance to Hitler either. Those who did so (including his friend Moltke) were hanged or shot, he notes.

It is not hard to see why Urbig put his faith in Abs. Born in Bonn in 1901, Abs had a greater range of banking experience than his contemporaries, gained in the pre-war years in London, Paris and Amsterdam as well as in North and South America. He had complete mastery of at least half a dozen languages, and had a huge capacity for hard work. (During his time as head of the Deutsche, he worked on average about 4,000 hours a year—often at a stand-up desk.)

He has a biting wit (as those who cross him know to their cost) and, above all, he exudes that air of almost irresistable power.

How does this power manifest itself? Abs has the wild appearance of an English country squire, he never appears hurried, almost never raises his voice. Indeed, the latter is part of the secret. The more crucial the point he is making the more softly he speaks so that those present have to strain to hear (like the conductor Fritz Reiner, who reduced his beat to force the orchestra to pay complete attention).

Perhaps the heart of the matter is that Abs has complete self-discipline, something he may have gained from his mother whom Abs says he never saw slouch in a chair, even at an advanced age.

He admits that he never really loses his temper, though he can appear to do so when he feels this is needed—as his staff over the years can testify.

Those qualities help explain a lot; Abs's successful negotiation of Germany's post war debt settlement with the allies; his masterly running of Germany's reconstruction loan corporation; and, not least, why there came to be a so-called "Lex Abs." This was a special law of 1965 cutting the number of supervisory board posts a single individual could maintain simultaneously.

At his height Abs had 24 such posts in domestic companies. Did he see the law as a personal blow? On the contrary, he replies wryly, he was grateful to the lawmakers who did so much for his health. A pity they had not acted a little earlier!

It is also clear how Abs became so close to Federal Germany's first Chancellor, Konrad Adenauer, a fellow Rhinelander with a mordant wit and a feeling for power no less than Abs's own.

Was it true that Adenauer once asked Abs to become Foreign Minister? When Adenauer really wanted something he told you, not asked you, says Abs.

It is not fanciful to suggest that the Abs style—application, influence and understatement—has rubbed off on to the Deutsche Bank itself, of which Abs is honorary President. That understatement shows itself, among other things, in calling the *man who is really the board* chairman a "Sprecher"—or "spokesman"—and listing him in the annual report alphabetically along with his fellow executives. But even in those circumstances, the name Abs automatically stood at the top of the list.

Apart from his wide business interests Abs has had a life-long love of the arts (one factor, incidentally, helping forge his close friendship with the much-lamented Juergen Ponto, former head of the Dresdner Bank—the Deutsche's biggest domestic rival—who was shot by terrorists in 1977).

Abs plays several keyboard instruments, supports young musicians (among other things he helped the now famous Melos Quartet of Stuttgart get started) and has served on the boards of many museums and artistic foundations.

His taste is wide, but when asked which work he particularly prizes he names Bach's "*The Art of the Fugue.*" With its formal strength and discipline, which quite conceals the turbulent conditions under which it was composed, it is an appropriate choice.

Jonathan Carr

No dunces in the class of 84

Commercial Banks

JONATHAN CARR

DEUTSCHE Bank remains at the top of the form; but there is no dunce in the class and some former laggards are now getting much better marks. That, in a nutshell, is the position among the German commercial banks, in the middle of what promises to be yet another highly profitable year.

The Deutsche is not only the biggest German bank but also the most profitable. Last year it was the only one of the so-called "big three" banks to raise its operating profit to a group total believed to be close to DM 4bn (the exact sum is not revealed).

F. Wilhelm Christians, joint "spokesman" (in effect co-chairman) of the Deutsche, played down the achievement noting that the profit rise of just 1.3 per cent was achieved against the background of a very marked boost in business volume, and hence did not have quite the same "quality" of the 1983 result.

Be that as it may, the group operating profits of the other two "big banks" were slightly down on the record 1983 figures, though Dresdner Bank's result was still over DM 2bn and Commerzbank's over DM 1bn.

All three banks saw a drop in their interest margins (the difference between interest earned and paid) but made up for this by increasing business volume.

They also raised their earnings from commissions. After deducting personnel and other expenditure, this still left the three with 1984 "*partial operating profits*" down on the results for the previous year.

But the Deutsche also achieved such outstanding earnings from trading on its own account in securities, foreign exchange and so on that it alone was able to raise its full operating profit to a record level.

The Deutsche's success should not be allowed to obscure the improvements (not least in morale!) at the other two banks.

Dresdner, in notably buoyant mood, was the only one of the "big three" to raise its dividend for 1984 (to DM 7.50 per DM 50 nominal share, compared with Deutsche's DM 12 and Commerzbank's DM 6). This means Dresdner has almost doubled its dividend since the dark days of 1981-82, when the bank was reeling under losses on its domestic and foreign lending, and from gold trading.

It is a regrettable fact that one key reason for the improved atmosphere at the Dresdner has been the decision this year of Hans Friderichs to step down after seven years as chief executive.

Friderichs faces trial on corruption charges in connection with the Flick (industrial concern) bribery affair. These charges arise from before his time with the Dresdner. He has firmly protested his innocence and both the Dresdner's executive and supervisory boards stood by him. But naturally the affair cast a cloud over the bank—*one that has now been lifted.*

Friderichs has been replaced by Wolfgang Roeller, aged 55, a capital markets expert who has been with the bank for about three decades.

Commerzbank got its new chief executive four years ago, when it was in parlous condition. Walter Seipp (a tough, Euromarkets expert from Westdeutsche Landesbank) virtually picked up Commerzbank by the scruff of the neck and shook it into order (helped admittedly by the earnings upturn from which almost all banks were benefiting).

Of the "big three" Commerzbank has the most leeway to make up to meet the new and tougher capital-to-lending rules of the revised German Banking Act, which began to come into force at the start of this year.

The amended *Act stipulates* that a bank's total group lending — including that of its foreign subsidiaries—must not exceed 18 times its liable capital. At the end of 1984, Commerzbank's group lending totalled more than 22 times capital. However, the Act allows a six-year transition period for the banks to pull themselves into line. And Commerzbank has just made a notable start, issuing DM 425m worth of "Genusscheine" or profit-sharing certificates — recognised by the new Act as a form of equity and hence counting (to a limited extent) towards fulfilling the "18 times" rule.

Like its major rivals, Commerzbank has made a strong start to 1985, and it would be no surprise if it felt able to boost its dividend for this year from the DM 6 level.

It would be easy, but wrong, to concentrate on the "big three" and forget the two major Munich-based banks, Bayerische Vereinsbank and the Bayerische Hypotheken-und Wechsel Bank (Hypo).

The two have a long history, Hypo's going back to 1835, Vereinsbank's even to the 18th century (via the Bayerische Staatsbank with which the Vereinsbank merged in 1971).

They are among the biggest banks in Germany and they are among the most profitable. For example, Bayerische Vereinsbank's operating profit last year was virtually unchanged against the high 1983 result and it held its dividend of DM 11 per share.

The Hypo raised its dividend for 1984 from DM 9 to DM 10 and is paying a bonus to mark its 150th anniversary. All told, along with the shareholders' tax benefit, this amounts to a total payout of nearly 40 per cent.

One postscript: None of the banks had as much to say in 1984 about the debt crisis—but that of course does not mean the crisis is either gone or forgotten. All the banks have used the years of high profits to bolster their loan loss provision, and *last* year was no exception (although the published balance sheets do not reveal the full sum set aside).

Dresdner, for example, put aside up to DM 1.5bn in 1984 of which more than DM 1bn was for international lending risk.

Allianz: Panther set to pounce

Wolfgang Schieren, chief executive of Allianz: Not a man to let chances slip by

THE LEVIATHAN is transforming itself into a panther. Which way will it pounce—and on to whom?

That may seem a rather dramatic way to describe the current restructuring of Allianz, easily West Germany's biggest insurance concern, with world group premium income last year of DM 16.3bn. But then in recent years Allianz has offered one of the most dramatic shows on the German financial stage. There was its "dawn raid" on Britain's Eagle Star concern in 1981, and the subsequent takeover battle (which Allianz lost but netted DM 530m in clear profit as a consolation prize).

There was *its coup last year* in moving to acquire RAS, Italy's second biggest insurance group, when most people were expecting Allianz's next takeover to be in the U.S. Then there were the months of rumours about Allianz restructuring plans, which sent *the share price soaring despite* all assurances from the company headquarters in Munich that there was no cause for such excitement.

Now the cat is out of the bag. Shareholders are about to be asked to approve plans for a "new Allianz." The present parent concern will be transformed into a holding company and all direct insurance activities will be turned over to a wholly-owned subsidiary, which will have more than adequate equity capital —and will retain enough profit to make sure it stays that way.

There are two good reasons why Dr Wolfgang Schieren, Allianz chief executive, concocted this plan—along with Dr Marcus Bierich, former finance chief who has since moved on to head the Bosch group.

The first, and probably the main one, is that Allianz found itself at a grave disadvantage in takeover battles so long as it had all its insurance and investment activities "under one roof."

The investment of its underwriting provisions was subject to the strict rules, and scrutiny, of federal insurance supervisors.

Moreover, as an insurance company it was not allowed to borrow on the capital market, however desirable it might have judged a credit-financed acquisition to be.

It was the Eagle Star struggle which convinced Schieren there had to be a change. Every time the bidding was raised he felt the supervisors in Germany breathing down his neck and asking where the money for the deal was going to come from.

Under the new construction the holding company, freed from direct insurance activities, will be able to borrow—and will also have more than DM 2bn in shareholders' funds available for investment.

How will Schieren use this new-found freedom? The most likely way would be to make an acquisition in the United States. Although the non-life market there is in parlous condition, careful selection could mean that Allianz will find itself a bargain.

Already the U.S. accounts for more than one half of group foreign premium income of over DM 3bn. Schieren has his eye on the UK too, but is waiting for the Eagle Star dust to settle —and there was certainly a lot of dust.

The second, and almost more intriguing, reason for the new structure is that it will also allow Allianz to diversify its activities—for example into financial services.

Schieren was peeved when Deutsche Bank (followed by some other credit institutes) established a new savings scheme linked to insurance in late 1983. He grumbled that in Germany it was common for a "cobbler to stick to his last" and what he meant was that the banks were positioning themselves to tread on Allianz's toes.

With the new holding company, Allianz will have the scope to tread on the banks' toes.

Is Allianz in fact going to do that? Schieren stresses he has no "concrete plans" and *his company's new-found* flexibility, in itself, will tend to cause the banks to think twice before they encroach further. But is Schieren a man to let chances slip by? Experience shows he is not.

Jonathan Carr

West German Banking 6

Obvious concern to state politicians

Landesbanks

JOHN DAVIES

THE STATE of Baden-Wuerttemberg in southern Germany is prosperous and thrifty. It's a hive of business activity, with thrusting ambitions in high technology. Local politics are dominated by Herr Lothar Spaeth, the state premier, a canny "no-nonsense" figure who aims to get things done. In a calculated attempt to stir up activity, he has pointed recently to one thing the state appears to lack, in contrast to other states — a regional bank of appropriate size.

By tradition, West Germany is highly decentralised and regional feelings and pride still run deep. The federal nature of the country is reflected in the emergence of publicly-owned Landesbanks in various states. Although the larger Landesbanks have wide-ranging domestic and foreign activities, all feel to varying degrees a basic interest in local business prosperity.

The largest of the eleven Landesbanks in West Germany is Westdeutsche Landesbank (WestLB), based in the highly industrialised state of North Rhine-Wesphalia, with assets of DM 141bn.

Bayerische Landesbank in Bavaria is the second largest, with assets of DM 105bn. Both of these banks are the outcome of mergers of smaller local banks which were brought together to create large and powerful institutions.

It so happens, by contrast, that the state of Baden-Wuerttemberg is home to two of the country's smaller Landesbanks —the Wuerttembergische Kommunale Landesbank in Stuttgart (assets DM 29bn) and the Badische Kommunale Landesbank (Bakola) based further north in Mannheim (assets DM 24bn).

But regional feeling within the state is such that business interests in Mannheim have reacted coolly to Herr Spaeth's idea that the two Landesbanks should merge.

The premier in fact proposed that the two Landesbanks should also pool their resources with a third local bank, the Landeskreditbank Baden-Wuerttemberg (assets DM 32bn), which is wholly owned by his state government. This would create a single institution with total assets exceeding DM 80bn, which would be fairly high up the list of West German banks.

The problem for Herr Spaeth is that his power to get his way with the Landesbanks is limited. They are entirely owned by local savings banks, which in turn are owned by local community authorities. By contrast, other state governments in West Germany have a sizeable share stake in their local Landesbank.

Herr Spaeth takes the view that banking developments in his state have not kept pace with the fast-growing local economy. The state gets considerable impetus from such large companies as Daimler-Benz, the motor vehicle concern, and Robert Bosch, the car components and electrical group, both of which have their headquarters in Stuttgart.

But Herr Spaeth is also concerned to foster the large number of small and medium-sized companies and to spur entrepreneurial spirit.

He has argued that a large-scale regional bank would be better able to assist the process of structural change, to promote local innovation, to provide export finance and to guide smaller ventures to the stock exchange.

Faced with evident stalemate on his original proposal involving the Landesbanks, Herr Spaeth's efforts quickly led to other possible models for banking mergers.

One model envisages a merger of the Landesgirokasse, one of the country's largest savings banks (assets DM 14bn), and the Baden-Wuerttembergische Bank (assets DM 9bn).

The Landesgirokasse is jointly owned by the state government and the city of Stuttgart. Its proposed partner happens to be jointly owned by the state government and private interests, including Bosch and Deutsche Bank.

This model has had the effect of throwing a cat among pigeons. Savings banks throughout the country have protested that the merger would mean partly privatising the Landesgirokasse. From a different point of view, other critics have argued that the move would undermine the private enterprise spirit of the Baden-Wuerttembergische Bank.

As an adroit and flexible politician, Herr Spaeth is considered likely to pursue his initiative for a regional banking merger until some reasonably satisfactory solution is found—whether involving Landesbanks or not.

To be fair, though, it must be said that his views about the need for a large regional bank are not universally shared. The issue, moreover, is not new. His predecessor, Herr Hans Filbinger, made similar efforts to create a major regional bank more than 10 years go, with limited results.

Because of their potential influence in regional development, West Germany's Landesbanks are an obvious concern of some state politicians. The Landesbanks, together with their savings bank partners (or owners), represent a powerful publicly-owned force in the country's banking world.

During the past 10 years, the Landesbanks have clung to 16 per cent of total business volume of the banking system, while the savings banks have maintained about 22 per cent.

Simply because they are publicly owned, they have tended to come under close and critical scrutiny. Financial misfortunes are apt to give rise to political controversy.

An embarrassing example of this is the recent leasing debacle, which has led to sizeable risk provisions at four major Landesbanks. But the Landesbanks take the view that this issue is now behind them and that they have been able to overcome it with the aid of strong operating earnings.

The controversy began to build up in late 1983 when it became clear that there would be heavy losses and write-offs at Deutsche Anlagen-Leasing (DAL). The four Landesbanks which own a total of 90 per cent of DAL are WestLB (30 per cent), Landesbank Rheinland-Pfalz (26.6 per cent) and Bayerische Landesbank and Hessische Landesbank (each 16.7 per cent). The remaining 10 per cent is in the hands of Dresdner Bank, the country's second largest commercial bank.

The initial fall-out from DAL was most heavily felt at WestLB, which was forced to abandon hopes of resuming a dividend to its public shareholders on its 1983 results. The need to make large provisions for DAL and other problems at home and abroad led to the departure of two members of the management board.

More recently DAL has had repercussions at the Landesbank Rheinland-Pfalz, based in Mainz, Dr Erwin Sinnwell, the bank's chief executive, stepped down in June last year in the hope of removing the bank from the centre of debate. Another member of the management board, Herr Manfred Mueller (who had been a member of DAL's supervisory board), left suddenly a few weeks ago.

The burden of DAL's losses and write-offs have fallen not simply in line with its owners' share stake. It also depends on whether individual banks have been involved in refinancing particular leasing objects which have lost value.

WestLB has disclosed that its total risk provisions for DAL are more than DM 600m. The Landesbank Rheinland-Pfalz recently put its share of the burden at DM 472m.

Dr Paul Wieandt, who was brought in from outside to take over the bank's top job, disclosed that it realised capital gains of DM 85m-90m on its financial portfolio in order to report a break-even result for last year.

With television cameras whirring, Dr Wieandt argued that it was unfair that his bank, with a minority stake in DAL, should be bearing 90 per cent of the publicity.

Operating earnings last year were a record, he pointed out and this year would also see a "very good result." Similarly, WestLB produced operating earnings of well over DM 1bn again last year.

Despite their share of DAL's burden, the Bayerische Landesbank and the Hessische Landesbank both had no difficulty in maintaining dividend payments on last year's earnings, as well as boosting reserves.

Norddeutsche Landesbank (NordLB), with headquarters in Hanover, has also continued to consolidate its strength, paying a dividend last year for the second year in succession.

TOP 20 WEST GERMAN BANKS

Position		Bank	Balance sheet totals † DMm 1984	1983
1	(1)*	Deutsche Bank, Frankfurt	232.300,0	210.200,0
3	(2)	Dresdner Bank, Frankfurt	174.723,0	160.834,9
3	(3)	Westdeutsche Landesbank Girozentrale, Düsseldorf	141.494,0	135.737,9
4	(4)	Bayerische Vereinsbank München	124.160,0	112.530,0
5	(5)	Commerzbank, Frankfurt	122.687,0	113.250,9
6	(7)	Bayerische Hypothekenund Wechsel-Bank München	105.137,0	97.144,0
7	(6)	Bayerische Landesbank Girozentrale, München	104.525,0	100.463,0
8	(8)	Norddeutsche Landesbank Girozentrale, Hanover u. Braunschweig	88.178,9	83.653,1
9	(9)	DG Bank Deutsche Genossenschaftsbank, Frankfurt	83.240,0	77.665,0
10	(10)	Kreditanstalt für Wiederaufbau, Frankfurt	78.538,0	72.744,9
11	(11)	Hessische Landesbank Girozentrale, Frankfurt	68.571,0	65.655,0
12	(12)	Bank für Gemeinwirtschaft, Frankfurt	62.703,0	58.715,9
13	(13)	Deutsche Pfandbriefanstalt, Wiesbaden	61.064,0	56.941,0
14	(14)	Landesbank Rheinland-Pfalz —Girozentrale, Mainz	36.999,7	37.120,6
15	(15)	Beamtenheimstättenwerk Gemeinnützige Bausparkasse für den öffentlichen Dienst GmbH, Hameln	34.145,4	33.068,5
16	(17)	Bausparkasse Schwäbisch Hall	33.980,0	30.811,0
17	(16)	Landreskreditbank Baden-Württemberg, Karlsruhe	33.578,9	32.016,9
18	(18)	DSL Bank Deutsche Siedlungs- und Landesrentenbank Anstalt des öffentlichen Rechts, Berlin/Bonn, Bonn	32.230,0	30.527,0
19	(19)	Wohnungsbauförderungsanstalt des Landes Nordrhein-Westfalen, Düsseldorf	32.051,4	30.421,4
20	(22)	Hamburgische Landesbank—Girozentrale—Hamburg	31.321,8	28.160,5

Source Schmacke "Die Grossen 500."
* 1983 ranking. † World group balance sheets.

Hammer blow to the system

Co-operative Banks

RUPERT CORNWELL

SHOCKWAVES in modern Germany have a habit of being muffled, but none the less real for that. And so it was in the co-operative banking sector, in the case of Hammer Bank Spardaka, the largest co-operative bank in the town of Hamm, a few miles north-east of Dortmund in the Ruhr.

That Hammer bank, guided by the all too enterprising hand of its former chief executive Herr Paul Schulte, had been living dangerously had been known for years. The first serious pointers to its plight emerged last summer, when potential losses of DM 100m were identified. A preliminary audit lifted that figure to DM 130m, and a later one to DM 300m.

But it was only in January of this year that the full extent of the Hammer disaster became public knowledge—by which time the immediate problem had been dealt with.

The bank in a few years had run up bad loans, in other words losses of DM 495m. On top of that it had accumulated a further portfolio of DM 601m of "grey" credits, which could lift the ultimate loss figure far higher.

But the public's confidence in the system at large was hardly ruffled. Arrangements had already been set smoothly in place for the existing contingency fund of the BVR, or central co-operative bank federation, to come to the rescue.

Herr Bernhard Schramm, the BVR's chairman, could thus maintain his proud boast that "since the last war, no co-operative bank has ever gone bust, and no depositors have ever lost their money."

Hammer itself will probably be slimmed down, to run a more manageable business of DM 300m, and be merged with another co-operative bank in the region.

The days of Herr Schulte, who could face serious charges in connection with his irregular loans policy, will thus be forgotten, and the co-operative banking sector will continue its successful ways in peace.

And successful these ways have mostly been. At the end of 1984 the co-operatives numbered 3,713, their total branches almost 16,000, and the number of their members 10m.

Since 1970 their share of total bank business in West Germany has grown from 8 per cent to around 12 per cent. This compares with some 22 per cent for their great rivals, the savings banks.

The total co-operative bank balance-sheet reached DM 390bn at the end of last year. Between them, the co-operatives attracted deposits of DM 315bn, and extended loans totalling DM 254bn, DM 17bn more than at end-December 1983. All in all, assets, deposits and loans rose by seven per cent during 1984, well above the money growth in national GNP (Gross national product) of around 5 per cent.

The movement, comprising as it does essentially local small sized credit institutes, with average lending of DM 80m or less, is closely identified with the small and medium-size business sector in West Germany.

Perhaps for that reason 1984 produced much more rapid growth by co-operatives in the south, where small companies have taken a particularly vigorous new root in recent years, than in the North, traditionally identified with larger concerns more dependent on the orthodox commercial banks.

But as the Hammer affair showed, black sheep can prosper —for a while at least—even among the co-operative banks.

Most alarming perhaps is that the Schulte case was not completely isolated. Just as it was starting to surface, the sector was rescuing another of its number, the Volksbank Oberhausen, which required DM 144m from the safety fund to help it survive the collapse of a property group to which it had lent imprudently.

Hammer though was much larger. Between 1970-83 its total balance-sheet had soared from DM 60m to DM 1.65bn, making it the seventh largest co-operative in the country. Its collapse has been such to cause some serious rethinking within the sector.

In the first place, how could developments which took place over several years escape real scrutiny and exposure? Part of the answer undoubtedly lies in the forceful ways of Herr Schulte, who left no legal or bureaucratic stone unturned to keep his affairs private from curious outsiders.

In doing so he turned to his own advantage the aura of provincial reliability which surrounds co-operative banks.

A secondary reason lies in the loopholes in the banking supervisory laws themselves. Hammer, many would argue, is the inevitable price to be paid for a relatively liberal system.

But that now is gradually changing. At Federal level the proof has come with tightened banking control legislation, which came into force on January 1 last. Within the co-operative movement itself, it has accelerated reform of the statute governing member banks, which has been gestating for two years.

According to Herr Schramm, the new code will stiffen the authority of the BVR to go into the books of its members, and provide a fuller flow of information.

The central body will also be given the right to, in effect, expel a co-operative which fails to comply with the safety net mechanism, which has been in existence for half a century. Had this regulation been in force before, Herr Schulte's bluff almost certainly could have been called much earlier.

That at any rate is the view of Herr Schramm. "None of our members has ever suffered this fate before. In future we'll be able to apply this sanction, but I hope we'll never have to," he says.

Fresh challenge in bond market

Foreign Banks

ADRIAN DICKS

RAPID deregulotion of the West German financial markets, which bas taken foreign bankers in the country as much by surprise as It has anyone else, has opened up new opportunities for buslness.

By letting foreign banks lead-manage D-mark bond issues for foreign borrowers on the German market, the authorities have removed one of the few formal constraints on the activities of foreign banks in the Federal Repnblic.

By further widening the range of permitted borrowing instruments to include floating rate notes, the Bundesbank has seemed almost eager to see foreign institutions experienced in the international capital markets bring their skills to Frankfurt in order to belp it catch up with the more powerful financial centres of New York, Tokyo and London.

Removing the restrictions from this aspect of foreign banks' activity, while welcome to those such as Citibank which actively intend to seek D-mark lead management business, is far from being a guarantee to all that they will thrive.

Most of the foreign institutions established in West Germany have already found theic places in the market or at least identified them. All have had to fight hard for them, In a market which by comparison with other industrial countries is overbanked already, ond in wbich the local competition is powerfully entrenched.

With the new bond market rules in place only since this spring, no foreign bank bas yet brought an issue to market, and for any to do so in present circumstances, according to Frankfurt bankers, would require it to put together a lead management group embrscing et least some of its German rivals in order to be able to place the paper.

Not least, forelgn banks in Frankfurt will need to convince borrowers that they can do a better job than can the big German institutions on their home ground.

Barring an unforeseen rush of foreign borrowers to Frankfurt, the challenge offered in the bond market to foreign bankers is ln essence the same that they face in every part of the German banking business: how to win customers away from the powerful German banks?

Foreign *institutions* bave tackled the problem in a number of different ways. Among those seeking to become a force in the retail market, Bank of America and Citibank chose the route of acquiring medium-sized banks with a ready developed customer base. Chase *Manhattan* took the opposite approach of trying to set up from scratch.

More typical of British or French banks operating in Germany has been gradual expansion of a network of offices in major German cities, wbether branches of the parent bank or of a German-incorporated, wholly owned subsidiary.

Much of this business remains based on trade, though bankers are at pains to stress the wide range of services which they can supply. The target market for many foreign banks is less the private customer than the medium-sized business—the so-called *Middelstand* of German industry and commerce.

Such companies, loosely defined as baving sales somewhere between DM 10m and DM 100m a year, traditionally bave close ties with at least one institution known as the "house bank," *which* is in many cases the main provider of loog-term financing. Short of a falling-out between a company and its house bank, foreign bank executivea recognise that it is unrealistic to expect in the German context to woo good-quality corporste clients away from their traditional banking relationships.

"It takes a long time," one British banker in Frankfurt says, "but you can often supply a different service that the house bank cannot offer. The point is to be known to the client well enough for him to turn to you as soon as he needs that service."

One service that foreign banks can often supply is currency dealing. For many, this remains easily the most profitable activity in which they are engaged in Germany, though with the coincidence of a booming German stock market and liberalisation of banks' security dealings in many countries, securities-related business in Germany may also be expected to continue to gain ground.

Citibank in Frankfurt. Among foreign institutions seeking to become a force in the German retail banking market, Citibank and Bank of America chose the route of acquiring medium-sized banks with a ready-developed customer base

Cautious line taken

Technology

JOHN DAVIES

THE CASHLESS society may be shimmering on the distant horizon, but West Germany is beading in that direction with a great deal of caution.

An important step along the roed came a few months ago when banks in West Berlio began field *trials under* whicb shoppers can pay for goods vio an "on-line" electronic system. But as field trials continue, presumably for some years, West German bankers and retailers face further intensive debate about the right way to bring about electronic payments at *the point* of sale.

In their internal operations, West German banks bave long been investing beavily in computerisation and terminals, to cope with the sheer volume of transactions in an economical way and to improve the flow of information.

With varying degrees of enthusiasm, they are also laying the groundwork for increased empbasis on customer-oriented electronic services, such as treasury menagemeot, home banking through Bildscbirmtext and point-of-sale electronic payment.

An early point-of-sale field trial began in Municb a few years ago, testing an "off-line" system. Customers preseoted a magnetic stripe Eurocheqne tion number, with details of card, plus personal identifica- tbeir transaction being stored on a disc for subsequent processing by banking computer.

The more ambitious West Berlin scheme started at the Herder bookstore in mid-December. Under this on-line system, a customer can preseot a Eurocbeque card to set in train e prompt electronic transfer from his bank account to the store's occount. Within about a month the bookstore was obtaining more than 10 per cent of its sales revenue in this electronic way.

The Berlin field trial is being extended to other retail outlets ln the city and e similar field trial is expected to get underway in Municb this year. The experiment is being closely monitored by the Gesellschaft fuer Zahlnngsysteme (GZS), an organisation representing various sectors of the West German banking world.

Moves for point-of-sale electronic payment bove been proceeding more slowly in West Germany than in some other countries, such as France and the UK. There has been inteosive debate about wbether on-line transactioos should be direct to individuals' accounts at their own banks or to a computerised outhorisatioo centre. Moreover, the role of the so-called chip card (containing lis own electronically-stored financial limits), as opposed to the magnetic stripe card, is aoother source of controversy.

Supporters of the chip card have been anxious to see it nsed in field trials, in addilion to the oo-line trials in Berlin and Municb.

A year ago GZS and the Bundespost, tbe postal and telecommunications authority, reached ao agreement on developiog standards and security arrangements for chip cards.

At present, cash is used for more than 90 per cent of retail transactions in grocery and clothing stores, restaurants and petrol stations ln West Germany. Much of the remainder involves Eurocheques.

In the country there are some 18m Eurocheque cards which bolders can use in conjunctioo with Eurocbeques (guaranteed by banks up to a certain level). ln comparison with some other countries, the payment system is under less strain from o flood of personal cheques or an array of credit cards.

The number of electrooic cash dispensers has been steadily growiog in West Germany, but they are still much less in evidence than in the UK. At present there are about 1,900 dispensers in operation and it is estimated there may be betweeo 5,000 and 6,000 by 1990.

The banks have been concerned from the beginning to ensure that dispensers are compatible, with the aim being that customers can use a machine ot any bank. They are also anxious to widen the network to other countries, so that German holidaymakers can have access to machines ebrood.

Some banks envisage that customers will make more use of outomatic devices to authorise routine bank transactions or to obtain information.

Most banks have long since scaled down their expectations from the development of home banking through West Germany's videotex system, known as Bildschirmtex (BTX). The number of BTX users is for less than originally hoped for by the Bundespost and is considered *unlikely* to *rise sharply* in the immediote future.

One of the problems with BTX is the cost of equipment, including decoders. But equipment costs are continuing to fall. In the meantime, BTX has become a little more established as a useful medium for small to medium-sized businesses: including self-employed people.

However, BTX has also been unfortunate in arousing security doubts. Its image was not helped wheo a club of youthful "backers" in Hamburg demonstrated earlier this year that *they could gain access* to vital code numbers of a savings bank

They succeeded in using these code numbers to call up repeatedly their own pages offered in tbe BTX system (for which viewers are charged a fee). This meant that the bank would have received a bill for about DM 135,000.

Since then, the Buodespost has re-examined tbe BTX security arrangements and claims to have tighlened up procedures.

To keep pace with the advances in technology and with moves by competitors, most major hanks in West Germany bave introduced a form of electronic cash management for corporate customers.

Last December Dresdner completed a major electronic project by linking up terminals in a computerised network in all its branches throughout the country. With electronic operations cootinuing to gain ground, Dresdner expects that by the end of the decade almost every second employee at the bank will be usiog an electronic data processing terminal as an aide in wide-ranging *aspects* of *banking work*.

One of the major tasks ahead of the West German banks is to increase the volume of transfers that are bandled in a fully electronic way. At present between 40 and 50 per cent of transfers are "paperless."

Expenditure on technology has been assuming greater proportions in the banks' own finances. Major banks have been pointing out that speeding on technology has been one reason why tbeir "Sachaufwand" or expenditure on materials for use in their operations—has been rising *fairly* substantially.

At Deutsche Bank, for instance, this Sachaufwand rose 11 per cent last year, compared with a rise of 5.4 per cent in 1983. It cited technology expenditure as a major reason, along with rising leasing costs for building and increased advertising expenditure.

Flexibility and independent spirit

Private Banks

JOHN DAVIES

"WEST GERMANY is over-banked. There is no doubt about that. But private banks certainly have a future if they have a clear business philosophy and know where their strength lies."

With this remark, a partner in a leading private banking house voices the basic confidence of this small but prestigious sector of the country's banking system.

Competition in West German banking is intense, with the large commercial banks, as well as publicly-owned, co-operative and foreign banks, all vying for profitable buslness.

In this environment, small private bonks — particularly an elite few of them — have managed to carve out a useful niche.

The number of private banks has been steadily declining, official statistics listing 72 private banks at the end of last year — only balf as many as in 1973. Their share of total business volume has also slipped to 1.31 per cent, compared with 2.17 per cent in 1973. The largest private bank, Sal. Oppenheim, had assets of DM 11.4bn ot the end of last year.

A few private banks have been adaptable enough to weather centuries of political, economic and technological change. Some elite banks remain entirely in family ownership, while others are owned partly or almost totally by other large banks, domestic and forelgn.

In some regions private banks have maintained branch banklng, but competitive pressures and the organisational effort involved heve generally made this unattractive.

With increased stock market trading helping to boost their octivities, private banks claim to have been enjoying buoyant business and earnings in recent times.

The big commercial banks are potting more emphasis these days on expanding business ln services (as opposed to credit business). But even so, private bankers do not see this inevitably as major new competition in their strongly service-oriented types of banking.

While credit business remains a cornerstone of private bank activities, the range of services for selected corporate and personal clients assumes high priority.

Metzler, the Frankfurt private bank dating back to 1674, has pointed out, for instance, that credit business is a basis on which other service activities can be bnilt. Its range of service activities extend from stock market trading to venture capital and North American property portfolios.

With foreign interest in the West German stock market running high in recent times, Metzler has been receiving up to about 75 per cent of trading orders from abroad.

In their strategy, private banks bave placed great store on an independent and flexible spirit. This is a dilemma for larger credit institutions which have taken a stake in private banks.

Lloyds Bank of the UK, wbich took over the name and soma of the business of Schroeder Mnenchmeyer Hengst (SMH) in January 1984, has beeo endeavouring to retain the private bank spirit wbile at the same time absorbing mnch of its former German branch operations into the new SMH.

Midland Bank of the UK has remained at arm's length from Trinkaus and Burkhardt, although it bas extended its ownership from oboot 80 per cent in 1980 to obont 92 per cent. Trinkaus recently confirmed that its legal structure would be changed retrospectively to the beginnlng of this year. This is seen as a step towards offering a stake to outsiders, as Midland bas said it aims to bold no more than about 70 per cent of Trinkaus.

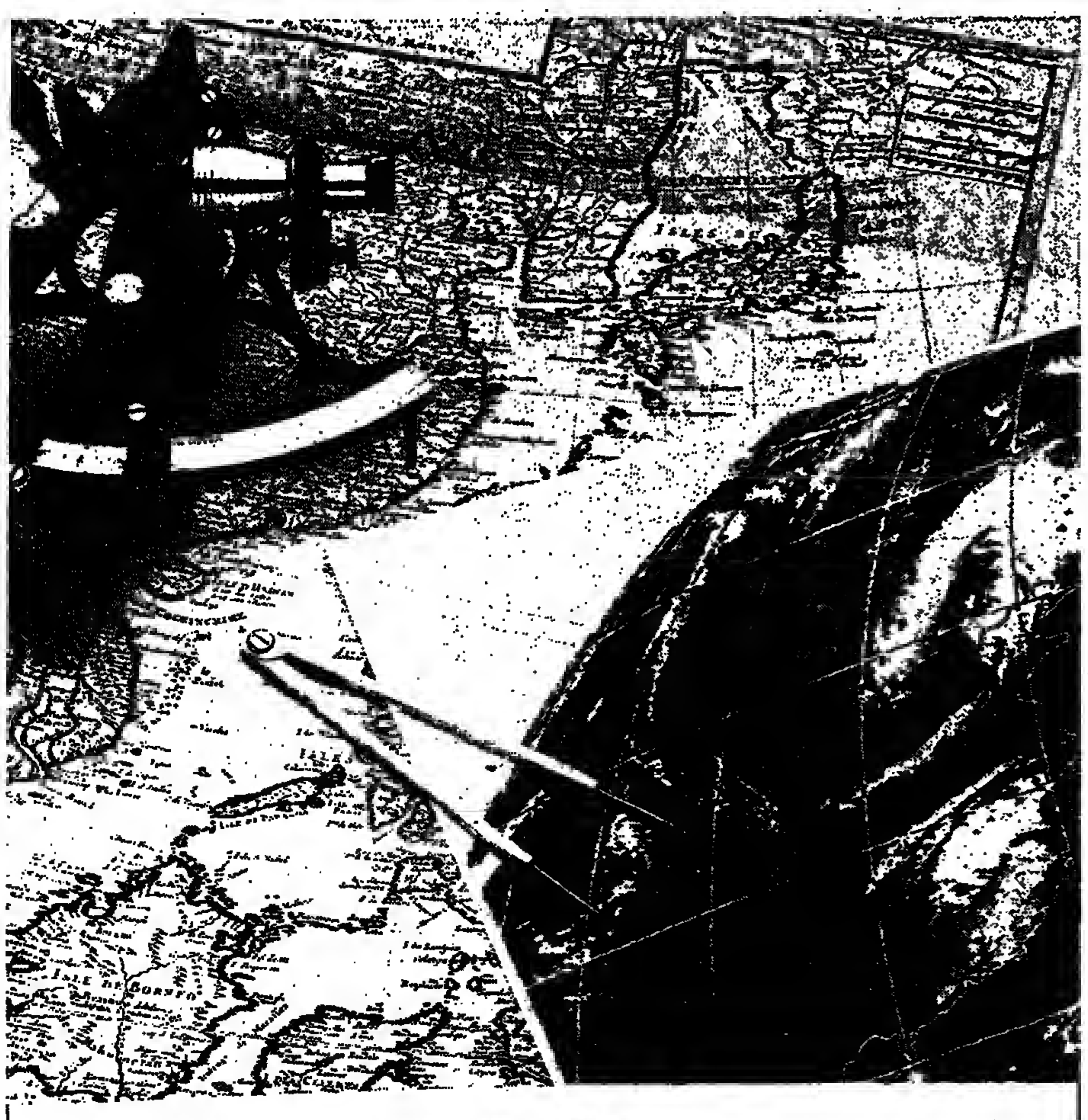
In a move outside its Bavarian home terrain, Bayerische Vereinsbank took an interest in one of the traditional Frankfurt private banks, Bethmann, ln 1976. It has since extended its stake to full ownership.

One of the personally liable partners in the Bethmann operation receotly dismissed speculation that Bayerische Vereins*bank might sell* out *to* a *Swiss* bank.

With the emphasis on flexibility and an independent spirit, the need for bigb-quality personnel is a key coocern of private banks. Personal contact and individual esteem are naturally major factors in the performance-conscious world of private banking.

A fine sense for determining what is feasible and what is speculative is also a vital requirement, according to Herr August von Finck, a partner in the Municb-based Merck Finck banking house.

He bas described this as the "Achilles heel" of private banks —as evident from the Herstatt bank crisis of 1974, arising from currency dealing, and the SMH difficulties of 1983, stemming from deep involvement in the IBH construction equipment group.



PROFILE: COUNT MATUSCHKA

A passionately critical patriot

IN THE often sombre environment of German finance, Count Albrecht Matuscka is a rare bird. For one thing be has the flair of a good merchant hanker, in a country where the breed is almost unknown. For another he is whst one might hest call a passionately critical patriot of Germany and Europe, and he does not mind wbo knows it.

A talk with Count Matuschka, 40-year-old chairman of the fast-expanding international financial services group wbicb bears his name, tends to be both exhilarating and exhausting.

One moment be will be using a battery of historical, political and ecooomic arguments to prove o point; the next he will be putting his own position under critical scrutiny. Whatever also emerges, it is certainly not tha conventional wisdom.

Take, for example, the debate obout "Eurosclerosis" and how to combat it. Count Matuschka is full of scorn for those who claim to see California's Silicon Valley or Japan's economic system as models for the solution of Europe's problems. Europe, be stresses, bas its own comparative advantages and must make the most of them—including a strong industrial base (in contrast to the "de-industrialisation in the U.S."), o well-trained labour force and a hroadly-based educational system.

Have people forgotten, be asks, that German trading bouses in Hamhurg, Bremen and Essen were operating successfully long before "Japanese higb-volume, low-profit" houses appeared on the scene?

As for "venture capital" the only really new thing about that, in Count Matuschka's view, is the name (and he should know since his group is deeply involved in this field).

Venture capitalists laid the foundation for German industry in the last century, be says, but in those days they were called "hanks, entrepreneurs and landed gentry."

Just as that starts to sound like a rather complacent defence of the status nuo, Count Matuschka puts the other side of the picture—especially with respect to Germany. The Bonn Government, be stresses, must take tougher steps to cut subsidies and reward the productive; there are still too maoy regulatory bodies protecting the weakest links in the economic chain and thus hindering cbanga (even under a centre-right coaltion supporting market forces and frea enterprise!)

Big companies with financial muscle should find new ways to co-operate with smaller, more flexible ones, especially ln bigh technology sectors; and enterprises generally must work more closely with local universlties, giving students an earlier and better chance to become directly involved with business and industry.

Above all, Count Matuschka would like to see a more imaginative, innovative financial community in Germany, providing services along tbe lines of those offered by investment and and merchant banks in New York and the City of Loodon.

It is easy to see how the latter wish developed. After schooling in the U.S., Count Matuschka studied economics in Munich, served an apprenticeship under that almost legendary banker Eric Warburg in Hamburg and later bad close contacts with S. G. Warburg in London.

Indeed, in the 1970s be was virtually commuting between Warburgs in London and Munich.

That experience of the City's financial skills and services proved decisive for the success of his own group. What began 15 years ago as a modest operation in a single Munich room, has developed into an international organisation with close to 150 staff, offering asset management, venture capital programmes and specialised investment funds.

The centre of the group remains Munich (at a newly expanded beadquarters in the middle of town), with offsboots in Switzerland, Bermuda, the U.S., Tokyo and—most recently—London.

Private individuals remain the backbone of the clientele, and the group's portfolio planning on their behalf has all the thoroughness of a complete medical checkup

Client's financial circumstances are recorded and analysed in consultation with bis or her accountants and lawyers, before any lnvestment decisions are made. Initially it is a costly process, but it helps spare nasty sbocks later!

A lot of custom also comes from those "medium-sized" eoterprises which are the heart of the German economy (much more so than the biggest, and best known, companies).

However, good their products, tbese enterprises often need expert independent advice on financial planning—not least on currencles and interest rates, as mony are in the export business.

Count Matuschka stresses that the group is not a clairvoyant, and that lt intends to supplant neither a client's bank nor the advice of a good foreign exchange dealer. But lt virtually goes without saying that the Matuschka group sits as a kind of "mighty mouse" eating into the cake of the banks, at a time when the banks themselves are striving more than ever to boost their services and commission income.

The big question is whether the Matuschka group, which incidentally has now started to develop insuranca advisory services for lts clients too, is expanding too fast for its own good.

Count Matuschka's answer is that part of the group's strength lies in knowing what it must do ltself—and where lt must gain the services of tha best available local partner.

For example for venture capital activities in the U.S. it works with TA Associates of Boston, one of the very top companies in tha field; in Britain its partner is Advent, in Japan the Jopan Associated Finance Company—and so on.

At bome it has been instrumental in setting up West Germany's biggest venture capital outfit so far, Techno Venture—but again in partnership, with the Siemens electrical group among others.

Besides, adds Count Matuschka, he is doing much less travelling than be used to so that he can concentrate on general counselling and strategic planning. At the ripe age of 40, no doubt he feels well able to take an Olympian view!

Jonathan Carr

Count Albrecht Matuschka: The flair of a good merchant banker in a country where the breed is almost unknown

Tea and sympathy from Bonn

Export Credit Insurance

JOHN DAVIES

Unwilling to add to the country's financial burden, Dr Gerhard Stoltenberg (left), the West German Finance Minister, has made it clear that any improvement in the export credit insurance scheme must be neutral in terms of cost

THE CUSTODIANS of Government finance in Bonn are apt to offer a sympathetic ear—but certainly no more money—when exporters start talking about improvements in export credit insurance.

This is not surprising now that the West German export credit insurance scheme has plunged well and truly into the red, with its loss resching DM 1.2bn last year.

Dr Gerhard Stoltenberg, the Finance Minister, has made it clear tbat any improvement in the export credit insurance scheme must be neutral in terms of cost. Senior officials of the Economics Ministry, wbo look after details of the scheme, have been at pains to drive this point home to exporters.

In view of his efforts to keep down public spending and curb federal debt, Dr Stoltenberg is unwilling to see exporters receive concessions that might add to Bonn's financial burden.

From the point of view of those holding the purse strings, it is natural to draw the line st extra costs. But as some exporters see it, lack of export credit insurance can make life even more awkward in already difficult times.

What is more, they argue, some of West Germany's European competitors offer more generous terms. As s result, some exporters have at times allocated a share of export orders to partners or subsidiaries abroad in order to benefit from local export financing.

The West German export credit insurance scheme is operated througb Hermes, a commercial organisation largely owned by Munich Re-Insurance and Allianz Insurance. Hermes runs domestic insurance on its own behalf, but in export credit insurance the guldelines are laid down by the Bonn Government, which is the ultimate paymaster.

For many years the Hermes export credit insurance scheme made a profit, but recession and international debt problems have changed the picture

The Hermes scheme showed a DM 34m surplus in 1982, despite a sharp increase in compensation payments to exporters who failed to get paid for their dellveries abroad. But with compensation payments mounting, the Hermes scheme plunged into a loss of DM 730m in 1983, before last year's substantially worse deficit of DM 1.2bn.

Government officials hope that the loss can now be reduced, but it could still take up to 10 years to offset accumulated deficits.

To help close the gap in the Hermes schemes's finances, exporters have found themselves with bigher costs for insurance coverage. The increose ln charges, averaging 40 per cent, came into force in April last year, after exporters—with some influential belp from banking and political quarters—managed to atave off the increase for six months.

Hermes baslcally covers export deals with developing countries (including Opec oil producers and some European countries), as well as Eastern Europe. Without Hermes coverage, it can be difficult or impossible to obtain export finance.

With business opportunities scarcer and risks increasing, there was a decline in the volume of new orders covered by Hermes from DM 39.2bn ln 1982 to DM 33.3bn in 1983.

There has also been a drop in the proportion of West German exports covered by the scheme. In 1977, Hermes covered 12.3 per cent of the country's exports, but since then the proportion has fallen well below 10 per cent.

While West Germany's export earnings have been buoyant in recent times, much of the new business has been in trade with countries where Hermes coverage is of little or no significance, sucb as the U.S. or Western Europe. For companies seeking business in developing countries or in Eastern Europe, a shortage of orders and the Hermes attitude to coverage have remained problems.

One of the industries concerned to improve Hermes coverage and conditions has been the manufacturers of large-scale process plant. But they have run up against the constraint that senior officials in Bonn see no scope for cbange that might odd to Hermes losses.

France is often cited by industrialists as a trade competitor which offers better terms for export finance and for export credit insurance than West Germany. "The French coverage of political risk is still much more generous than in West Germany," according to Dr Klaus von Lindeiner, the finance chief of Lurgi, the Frankfurt-based engineering and process plant company.

"There are a saries of countries for which there is no Hermes coverage or only limited coverage, but greater or unlimited coverage from France," he says. While Hermes limits the total volume of exports covered to Portugal, other countries such as Belgium place no limits on their coverage of exports to Portugal, he adds.

France is also generally considered to offer better trade financing conditions. While the actual interest rate may be lower in West Germany, the French currency is considered a more likely candidate for devaluation. For this reason, customers may prefer to become indebted in French francs rather than Deutsche Marks.

Lurgi, which has active subsidiaries in France and other countries, is anxious to use their local export financing and insurance opportunities. But this does not necessarily mean that projects are switched from West Germany, the company argues, because some forelgn customers may specify tbat work should be handled abroad.

A case in point is a recent oil and gas complex order plaeed by the Soviet Union wlth Lurgi in France. The Russians specified that the deal be bandled in France, with orders for French equipment suppliers because the French have been pressing for more reciprocity

According to Dr von Lindeiner, long-running and occasionally intensive negotiations in Bonn about Hermes conditions bave produced "understanding" on the part of Government officials. But complete results on some points have run up against resistance principally from the Finance Minlstry.

Governments of all political hues in West Germany hove opposed any idea of providing disguised subsidies through export credit insurance. Industry, too, bas gone along with this view. But some companies bave argued that supporting employment througb coverage of export deals is a slightly different and more justifioble approach.

The Government in fact amended the Hermes guidelines from the beginning of last year to specify that employment should be a foctor weighed up when consldering amplifications for coverage. The guidelines lay down that in individual cases, there could be consideration of the general economic interest, "especially the maintenance of jobs.

Dr Hans-Peter Gehring, a senior Economics Ministry official, has assured exporters that in administering Hermes, officials go virtually to the limits of what is justifiable in terms of risk management and budget policy.